988

Annual Report of the

ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCE PROGRAM

Fiscal Year 1988

J1.93:

READEX FICHE best copy available

Annual Report of the

ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCE PROGRAM

Fiscal Year 1988

Office of the Attorney General
Washington, D.C. 20530

March 31, 1989

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

This Administration took office with a promise to the American people to end the scourge of drugs. To help fulfill that promise, we have established the identification and elimination of criminal drug trafficking organizations as our highest law enforcement priority.

The Organized Crime Drug Enforcement Task Force (OCDETF) Program, established in 1982, continues to be the flagship of the Federal Government's war on drugs. Through the strategic deployment of more than 2,100 Federal law enforcement personnel and over 650 Assistant United States Attorneys as well as increased cooperation and coordination with State and local investigators and prosecutors, the Task Forces continue to make impressive gains. These resources, added to the enhanced investigative and prosecutorial tools provided by the Anti-Drug Abuse Act of 1988, will enable OCDETF to even more vigorously pursue and eliminate those criminal organizations, their financiers, suppliers and distributors who threaten the very fabric of our society.

This Annual Report contains a detailed description of the illicit drug trafficking situation in the United States as well as the OCDETF response during Fiscal Year 1988. It also provides insight into the nature, structure and organization of the national and international drug cartels that are operating within our borders.

The report further indicates how the combined resources of the Departments of Justice, Treasury and Transportation, through the eleven member agencies which constitute OCDETF, have made major inroads in crippling and dismantling major criminal organizations. As of September 30, 1988, the thirteen Task Forces had initiated a total of 2,352 cases which produced 4,917 indictments charging 16,859 defendants. To date, 10,070 defendants have been convicted and 9,634 have been sentenced. The Task Forces have also seized over $917 million in cash and property since the Program's inception.

These striking results not only underscore the effectiveness of the OCDETF Program, but provide notice to those criminal organizations which deal in drugs that our resolve to destroy them is unwavering. They also demonstrate the dedication and commitment of all the Task Force personnel who are leading the way toward a drug free society.

In light of the accomplishments of the Organized Crime Drug Enforcement Task Forces and the genuine prospect for even greater achievements in the future, it is with great satisfaction and pride that I transmit herewith this Annual Report, presented through your office to the American people and the Congress. Copies will be provided separately to the Appropriations and Judiciary Committees of the Senate and House of Representatives.

Respectfully,

Dick Thornburgh
Attorney General

Annual Report of the

Organized Crime Drug Enforcement Task Force Program

Fiscal Year 1988

IN MEMORIAM

Officer Charles Beasley,
Detroit Police Department
and
Special Agent Everette E. Hatcher,
Drug Enforcement Administration

who gave their lives in the line of duty
while assigned to OCDETF investigations.

Contents

Executive Summary 1

Chapter 1

Background and Introduction 3
Background of the OCDETF Program 3
Introduction to the FY 1988 Report 3
Methodology 3
The OCDETF Approach 4
Conclusion 9

Chapter 2

The Nature of the Enemy 13
Availability and Abuse of Illicit Drugs 13
The Changing Face of Drug Trafficking Organizations 22
Exhibits 2-1 through 2-10 53

Chapter 3

Task Force Results 65
Case Investigations/Initiations Data 65
Indictments and Informations Data 66
Dispositions and Sentencing Data 68
A Word of Caution 69
Exhibits 3-1 through 3-18 70

Chapter 4

Legislative Initiatives 135

Chapter 5

Conclusion 137

Appendix A:

Organized Crime Drug Enforcement Task Force
Executive Review Board 139

Appendix B:

Organized Crime Drug Enforcement Task Force
Washington Agency Representatives Group 140

Executive Summary

When the Organized Crime Drug Enforcement Task Force (OCDETF) Program was created in October 1982, the President requested that a yearly report be made to Congress and to the American people on the status of the fight against organized criminal groups dealing in drugs. These reports were made for the first and second years of the OCDETF Program's operations. In the three subsequent years, the activities of the Program were summarized and included in the Progress Reports of the National Drug Enforcement Policy Board. With the statutory termination of that Board, the OCDETF Program returns to a dedicated report format for its Annual Report.

Compared with previous Annual Reports, this one focuses less on the OCDETF Program process and more on the availability and abuse of illicit drugs and on the nature and structure of the criminal drug trafficking organizations targeted by the Program.

Worldwide production of illicit drugs or their source materials is up in all categories. Opium production measured in metric tons has increased in Southwest Asia, principally in Afghanistan, and in Southeast Asia, principally in Burma. Coca leaf production is up in all the major growing countries, most significantly in Bolivia, where it is estimated that production increased by over 10,000 metric tons in the last year. And, while there has been a decrease in marijuana production in Mexico, Jamaica, and Belize, this has been offset by increases in Colombia and, most dramatically, in the United States.

The estimated mean price for cocaine has dropped in each of the three most common quantities: kilogram, ounce, and gram. This fact, when coupled with the sharp increase in cocaine removed from circulation, up more than 57 percent from 1987 to 1988, is a strong economic indicator that large quantities of cocaine must be entering the United States undetected.

Equally discouraging are the statistics commonly referred to as "emergency room mentions." These figures identify specific drug use which is reported by patients upon admission to hospital emergency rooms. In 1988, there was a 30 percent increase in "mentions" of cocaine abuse, a clear indication that the use of crack cocaine is spreading as fast as was predicted by the most pessimistic estimates of only a year ago. The abuse statistics do, however, end with one positive note: there is evidence of decreasing drug use by U.S. high school seniors.

The focus in this report on "The Nature of the Enemy" was suggested by Attorney General Thornburgh's request of each of the 93 United States Attorneys to provide a threat assessment of the drug trafficking organizations in each Federal judicial district.

Not surprisingly, the consensus distilled from initial drafts of these reports and other source material is that the drug trafficking organizations are eminently flexible in their response to the changing patterns of the demand for illicit drugs. More importantly, the enormous profits to be made from the manufacture and sale of illicit drugs have attracted new participant organizations to the supply side of the business as well as facilitated new alliances between and among the veteran manufacturing and trafficking organizations.

The ultimate test of a coordinated attack on drug trafficking is the ability to produce positive results. The statistical results detailed in this Annual Report are presented both cumulatively, for the period commencing with the creation of the Task Forces in October 1982 through the end of FY 1988 and, separately, for FY 1988. The Task Force results are convincing evidence that the Program is making a major contribution to the war on drugs.

As might be expected, there has been an increase in the percentage of investigations initiated that involve cocaine. There has also been a substantial increase in the percentage of investigations initiated that involve money laundering. This increase continues a trend that has been accelerating since the inception of the Program. It is indicative of the maturation of the OCDETF Program model, as an increase in money laundering investigations reflects developing expertise in a heretofore limited area.

Particularly supportive of the OCDETF concept is sustained use of one of the most powerful tools in the Federal arsenal, the investigative grand jury. Prosecutors are employing the grand jury as an investigative technique in over 60 percent of all Task Force cases. Similarly, investigators are making extensive use of undercover operations in developing Task Force cases that result in indictments. This technique is particularly suited to the Task Force concept where long-term, complicated investigations, many times requiring undercover operations, are supported by encouraging investigative agents to follow all leads in the pursuit of the major leaders, be they manufacturers, suppliers, or money-launderers.

The positive effect of enhanced Federal criminal penalties for Title 21 drug offenses is evidenced in the substantial increase in the percentage of defendants charged under this statute. Previously, to assure maximum sentences, prosecutors often had to try defendants under the complex and difficult-to-prove statute, Title 18: Racketeer Influenced and Corrupt Organizations (RICO). Now, with the increase in penalties for drug offenses covered under Title 21, prosecutors can, by proving the drug violations, be assured of longer prison terms for the guilty.

This change is borne out by the statistics on net prison terms. The percentage of defendants sentenced to terms of five or more years of confinement has increased to 54.2 percent, compared to the six-year cumulative rate of 50.9 percent. Of greater significance is the fact that in FY 1988, top leaders, major suppliers, and mid-level leaders were sentenced to average prison sentences of 16.4, 7.0, and 8.3 years, respectively. This represents an increase in years sentenced, over all years of Task Force operation, of 20 percent for top leaders, 6 percent for major suppliers, and 27 percent for mid-level leaders.

In the first Annual Report of the OCDETF Program, the statement was made, "If first-year trends continue into the second year, the expense of operating the Task Force Program may well be exceeded by the value of the forfeitures, fines, and seizures generated by Task Force cases." In FY 1988, the non-drug property assets seized were valued at $198.6 million; cash assets seized totaled $94.5 million. The total of these sums far exceeds the FY 1988 expense of the OCDETF Program.

In sum, the Organized Crime Drug Enforcement Task Forces have matured to become the principal Federal weapons in the investigation and prosecution of drug traffickers and their organizations. The benefits of Federal, State, and local investigative and prosecutorial agencies working together to fight a common enemy are clear.

I.

Background and Introduction

Background of the OCDETF Program

On October 14, 1982, the President unveiled an extensive eight-point program to attack drug trafficking and organized crime. At the heart of this initiative was the Organized Crime Drug Enforcement Task Force (OCDETF) Program--a network of regionally based, multi-agency Task Forces comprised of a spectrum of Federal, State, and local criminal justice agencies.

This Program was based on the recommendation of an ad hoc committee appointed by the Attorney General in mid-1982. Composed of senior officials of the Justice and Treasury Departments, the committee was charged with devising a more effective approach to the problem of drug trafficking. After reviewing previous efforts in drug control, committee members provided the structural and philosophical bases for the Program. These principles and practices were presented in the "Organized Crime Drug Enforcement Task Force Program Guidelines."

Introduction to the FY 1988 Annual Report

This is the Annual Report of the Organized Crime Drug Enforcement Task Force Program for FY 1988. This first section contains a brief explanation of the purpose and methodology of the FY 1988 Annual Report. This explanation is followed by an overview of the OCDETF Program's approach to drug trafficking investigations and prosecutions and a description of the Program's organization.

Subsequent sections provide a detailed description of the current drug trafficking situation in the United States and a detailed report of the OCDETF Program's response during FY 1988. A summary of the 1988 legislative anti-drug initiatives is also included.

The emphasis of the FY 1988 Annual Report is on "the nature of the enemy." Attorney General Dick Thornburgh has asked the United States Attorneys to analyze the current organizational structure of narcotics trafficking groups operating in their districts. These reports, due in the spring of 1989, will assess changes in the nature of drug trafficking organizations and will reflect the increased knowledge and understanding of the realities of the drug trafficking situation garnered through six years of Program experience. Draft reports were generated with substantial input of intelligence data from the OCDETF member agencies.

The draft reports, already received from the field, focus on cases--what traffickers were doing and how their activities were disrupted by the coordinated efforts of the law enforcement community. Initial analysis has revealed an emerging picture of formidable, well-financed drug trafficking organizations. The threat posed by these organizations is of a type that requires the coordinated response that the OCDETF Program was created to provide. This Annual Report includes descriptions of these organizations based upon the analysis of these draft reports and other sources of information.

The purpose of the Annual Report is to fulfill congressional reporting requirements and participant information needs through a summarization of Program operations and results. This exposition includes an explanation of Program goals and missions as well as a description of the means used to achieve them. It provides examples of cases successfully prosecuted and statistical data analysis of the status of the illicit drug situation and of current drug enforcement efforts.

Methodology

This Annual Report draws on data from three primary sources: draft field reports submitted by U.S. Attorneys in response to the Attorney General's request; analyses of documents and data from OCDETF and participating agencies; and on-site interviews conducted in the field offices and in the Washington, D.C., headquarters of the OCDETF Program's participating agencies.

The draft reports from the U.S. Attorneys are often quite detailed. In addition to information which is based on matters of public record, the reports contain information developed during both previous and current investigations. The information provided by these preliminary draft reports has been analyzed and used extensively in developing the picture of the current state of drug trafficking and drug trafficking organizations as it is presented in this Report.

> ***The coordination of investigative and prosecutorial activities and the sharing of information are at the heart of the OCDETF approach.***

Documents developed by OCDETF and participating agencies have been reviewed for data relevant to this Annual Report, and such data have been incorporated in the appropriate sections. Data from the field, which come into the participating agencies and into the OCDETF Program administrative staff in Washington, has been aggregated and analyzed, and provides the basis for statistics presented in the Annual Report. Such figures cover investigative techniques used for indictments and informations, agency participation in various investigations, offenses charged, case dispositions, and net prison terms imposed--in short, the data that provide the measure of OCDETF accomplishments.

Because the Task Force Program is decentralized and major operational decisions are made at the district and regional levels, an accurate and comprehensive picture of Task Force Program activities must include in-depth information obtained from personnel at that level. To accomplish this, interview teams visited the 13 OCDETF core cities and several non-core city districts. They conducted face-to-face interviews with Task Force Coordinators, U.S. Attorneys, agency Special Agents in Charge, and other personnel who work with the OCDETF Program in the field. The interview teams also observed Program operations in the field. From these data, a composite picture of Program operations and processes at the operational level was developed. The Annual Report draws heavily on information obtained in these interviews.

Research, editorial, and production assistance was provided by Aurora Associates, Inc., of Washington, D.C.

The OCDETF Approach

Overview

As stated in its "Guidelines," the goal of the Organized Crime Drug Enforcement Task Force Program is "to identify, investigate, and prosecute members of high-level drug trafficking enterprises and to destroy the operations of those organizations." In light of this goal, Task Force organizers developed the operational principles that guide the Program today.

The coordination of investigative and prosecutorial activities and the sharing of information are at the heart of the OCDETF approach. These principles reflect OCDETF's understanding of the drug trafficking problem as one demanding a national, even international, approach. This understanding includes the perception that localized programs will not suffice because most individual cases represent only one piece of a much larger puzzle. In an environment in which large-scale drug trafficking networks can involve multinational suppliers, sophisticated money-launderers, and multiple domestic distribution organizations, an approach based on coordinated activity and shared information is imperative.

Optimally, coordination and information sharing will be spontaneous and will reflect each member agency's perception of the value and importance of coordination, both in the fulfillment of the agency's immediate individual objectives and as an effective means of promoting the overall mission. Achievement of this realization on the part of the OCDETF participating agencies is one of the most important accomplishments of the Program. Even localized cases, requiring the skills of only one agency, can be important in providing information that broadens the general understanding of the nature of the drug trafficking problem.

Experience has made it clear that major drug trafficking organizations routinely violate many different statutes in multiple jurisdictions. The ability to bring to bear expertise from agencies with a wide variety of skills and missions and to operate effectively across jurisdictional boundaries are key elements in the effectiveness of the OCDETF approach.

This approach of cooperation and shared information has been nurtured in the context of a concerted effort to develop a consensual or collegial relationship among participating agencies.

This model has been effective in ameliorating the problems of jurisdictional rivalry that often exist when one agency or body is seen as attempting to impose its view on others involved in a task force environment. When investigative intelligence is shared and when each agency is involved in areas in which it has the greatest expertise, coordination is achieved by the mutual recognition of the advantages inherent in employing the widest possible variety of appropriate law enforcement techniques in each individual case.

The criteria for selection of Task Force cases are designed to assure that each case chosen is of a type and magnitude that will derive maximum benefit from utilization of the Task Force approach. Cases that require the expertise of more than one investigative agency, that involve major drug trafficking figures or organizations, and that involve activity in more than one jurisdiction are prime candidates for consideration as Task Force cases. The effectiveness of OCDETF case management is materially enhanced by Assistant U.S. Attorney involvement at the early stages of the investigation.

Cases that meet these criteria, while usually targeting drug kingpins, often lead to charges against and conviction of other criminals. These individuals fall into two broad categories: those providing support functions to illegal drug trafficking and those who work directly for the kingpins. Those providing ancillary support include such specialists as money-launderers, financiers, legal counselors, and drug-producing and drug-designing chemists. Direct employees of the drug trafficking operations may include wholesalers, distributors, and enforcers. Cases may also lead to other organizations connected to the initial target. These may include smuggling, supply, distribution, or production organizations whose existence was unsuspected at the inception of the case. Often, investigations of these connected organizations or figures provide the information or link needed to develop a successful case against the kingpins who were the initial focus of the investigation.

The OCDETF Program has found that financial investigations often provide an opportunity for exposing such links. The uncovering of the financial network of organized drug trafficking operations is also an invaluable tool in piecing together details of organizational relationships in the drug trafficking world. The results of such investigations enable Task Force investigators to trace the cash flow that sustains the entire organizational structure of drug trafficking operations.

> ***The uncovering of the financial network of organized drug trafficking operations is . . . an invaluable tool in piecing together details of organizational relationships in the drug trafficking world.***

During prosecution, evidence gathered in financial investigations is used to give juries a clearer picture of the scope of drug operations. This type of evidence is often more enlightening to a jury than is the simple fact of a quantity of seized drugs.

Often, evidence is found in financial investigations that allows for immediate seizure of drug organization or drug kingpin assets. In addition, financial investigations can provide the basis for bringing currency or tax violation charges against drug organizations and kingpins. These charges are an important adjunct to the drug charges themselves and in some instances, where direct drug charges cannot be sustained, provide the only way of successfully prosecuting drug traffickers.

Headquarters and Field Organization

The OCDETF Program has avoided the creation of a large, Washington-based bureaucracy. The Executive Review Board (ERB), chaired by the Associate Attorney General, is composed of senior officials from agencies of the Treasury, Transportation, and Justice Departments. The ERB provides oversight nationally by articulating policy, reviewing the allocation of resources, and resolving outstanding issues that cannot be settled in the field. The Washington Agency Representatives Group, comprised of high-level section managers from each member agency, provides problem resolution research for the Board. A small administrative staff is based at the Justice Department headquarters in Washington. The administrative staff serves as the first-echelon point of contact for the Task Forces when Washington intervention or assistance is required. This staff is also responsible for records management and maintenance and supports field operations in the 13 OCDETF regions. Each region's headquarters is located in a "core city."

The organization of each region has two principal structural components: the Task Force Advisory Committee and the Task Force Coordination Group. The Advisory Committee oversees the Task Force, while the Coordination Group shares intelligence among the agencies, decides which cases are selected, coordinates the allocation of assets among cases, and facilitates the cooperation among the agencies and between regions.

Each regional Advisory Committee is comprised of all of the region's U.S. Attorneys, the Assistant U.S. Attorney (AUSA) Task Force Coordinator, the coordinators for each participating agency, and the senior regional representatives of those agencies. As the senior official responsible for each Task Force's performance, the core city U.S. Attorney chairs the committee and supervises the AUSA Coordinator.

The Task Force Coordination Group plays a central role in coordinating the OCDETF Program within its region. Consisting of the AUSA Task Force Coordinator, coordinators from each participating Federal agency, and representatives from State or local law enforcement organizations, the Coordination Group evaluates cases proposed for Task Force designation. The committee reviews the use of Task Force resources, resolves disputes between member agencies, and designates specialists within the Task Force to appropriate case-related functions. The AUSA Coordinator, an experienced Federal drug prosecutor, is responsible for the day-to-day operations of the Coordination Group.

In the non-core cities, District Drug Enforcement Coordination Groups review investigation selection, resource allocation, and the progress of Task Force efforts. Each non-core city U.S. Attorney selects an AUSA to serve as Lead Task Force Attorney for the district. This Lead Task Force Attorney coordinates case selection with representatives of the participating agencies, is responsible for district reporting tasks, and serves as liaison with the core city Task Force office.

OCDETF Member Agencies

Each of the Federal Task Force members brings its own special skills and methods to the Program. Members come from three Cabinet-level departments: Justice, Transportation, and Treasury.

The U.S. Department of Justice

The Associate Attorney General is the chairperson of the OCDETF Program Executive Review Board (ERB). The Justice Department provides central administrative support and, through Assistant U.S. Attorneys in core cities, supports coordinated field-level operations. Participating Justice agencies include the Drug Enforcement Administration (DEA), the Federal Bureau of Investigation (FBI), the Immigration and Naturalization Service (INS), the U.S. Attorneys' offices, and the U.S. Marshals Service. Support for the Program is also provided by the Department's Tax and Criminal Divisions.

The effective use of the expertise of these components is an indispensable tool in the OCDETF Program. Thus, DEA's narcotics investigative experience, knowledge of drug distribution organizations, and close working relations with State and local authorities make this agency essential to every Task Force. The same holds true for the FBI which brings to the Program the ability to gather and analyze intelligence data and to deploy and manage sophisticated electronic surveillance and undercover techniques.

The U.S. Attorneys' offices have a special role in the Program. Task Force cases are chosen from those that will benefit materially when prosecutors are brought in very early in the course of an investigation. These attorneys participate in strategy development, provide legal services, and assist in handling very complex legal issues such as those involved in court-authorized wiretaps.

The Immigration and Naturalization Service (INS) has statutory responsibility for the admission, control, and removal of aliens. Pursuant to this authority, INS identifies and screens high-risk persons entering the United States to curtail alien involvement in illicit narcotics enterprises.

Exhibit 1-1

Structure of the Washington Elements of the OCDETF Program

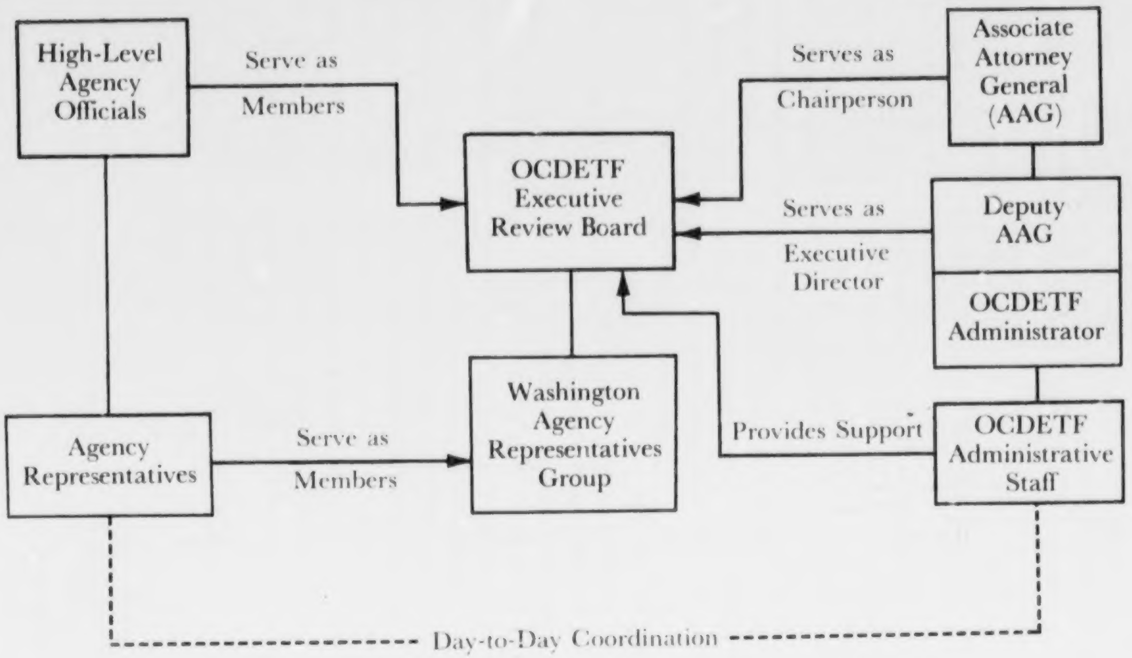
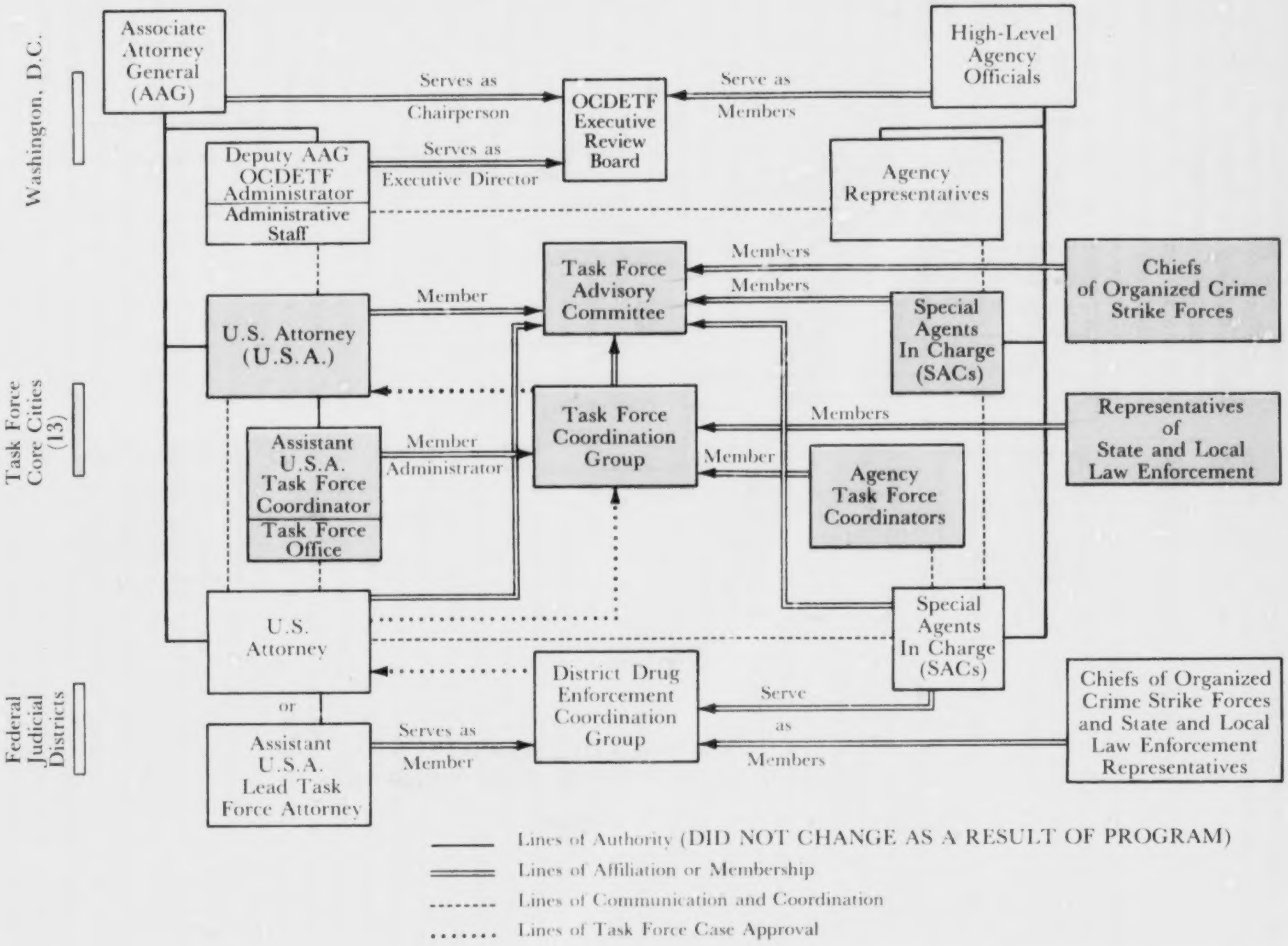

High-Level Agency Officials
Serve as Members
OCDETF Executive Review Board
Serves as Chairperson
Associate Attorney General (AAG)
Serves as Executive Director
Deputy AAG
OCDETF Administrator
Provides Support
OCDETF Administrative Staff
Agency Representatives
Serve as Members
Washington Agency Representatives Group
Day-to-Day Coordination

Exhibit 1-2

The OCDETF Program



Washington, D.C.
Task Force Core Cities (13)
Federal Judicial Districts
Associate Attorney General (AAG)
Serves as
Chairperson
OCDETF Executive Review Board
Serve as
Members
High-Level Agency Officials
Deputy AAG OCDETF Administrator
Administrative Staff
Serves as
Executive Director
Agency Representatives
Task Force Advisory Committee
Members
Members
Chiefs of Organized Crime Strike Forces
Special Agents In Charge (SACs)
Member
U.S. Attorney (U.S.A.)
Task Force Coordination Group
Members
Representatives of State and Local Law Enforcement
Assistant U.S.A. Task Force Coordinator
Task Force Office
Member
Administrator
Member
Agency Task Force Coordinators
U.S. Attorney
Special Agents In Charge (SACs)
or
Assistant U.S.A. Lead Task Force Attorney
Serves as
Member
District Drug Enforcement Coordination Group
Serve
as
Members
Chiefs of Organized Crime Strike Forces and State and Local Law Enforcement Representatives
Lines of Authority (DID NOT CHANGE AS A RESULT OF PROGRAM)
Lines of Affiliation or Membership
Lines of Communication and Coordination
Lines of Task Force Case Approval

The U.S. Marshals Service is charged with safeguarding the integrity of the judicial process by preventing jury tampering and disruption in the courtroom. The Marshals Service also manages seized assets and those assets forfeited by drug traffickers.

The U.S. Department of Transportation

The Transportation Department participates in the OCDETF Program through the U.S. Coast Guard. Primarily an interdictive agency in a program mainly comprised of investigators and prosecutors, the Coast Guard has assumed a variety of functions that meld with the work of the other Task Force agencies. Coast Guard coordinators participate in case selection, analysis, and review; serve as liaison with the military services; and provide valuable intelligence and guidance on cases with maritime connections. The Coast Guard shares responsibility with the U.S. Customs Service for enforcing Federal drug smuggling statutes and for air and sea interdiction.

The U.S. Department of the Treasury

Participating Treasury agencies are the Bureau of Alcohol, Tobacco and Firearms (BATF), the Internal Revenue Service (IRS), and the U.S. Customs Service.

BATF's special role in enforcing Federal firearms, explosives, and arson laws gives the Program access to special expertise in dealing with drug traffickers who are well armed and increasingly prone to violence. BATF's jurisdiction and capabilities make it a well-suited partner to other agencies participating in the war against illegal drugs.

The IRS actively participates in Task Force cases through its investigation of tax-related violations of the Internal Revenue Code. The IRS's Criminal Investigation Division also investigates money laundering operations, enforces major provisions of the Bank Secrecy Act, and assists in asset seizure and forfeiture actions. Additionally, the IRS's Examination Division may initiate jeopardy and termination tax assessments in cases where the collection of a tax may be in jeopardy.

Along with the IRS, the U.S. Customs Service has been especially effective in conducting financial investigations. Through the analysis of computer data collected under the Bank Secrecy Act, Customs identifies drug traffickers and money-launderers for Task Force investigations. Customs' capacity to track the international movement of cash, persons, and commodities complements the drug trafficking investigations of other Task Force agencies.

The Customs Service is also a major interdictive agency. Its mission includes the interdiction of drug shipments through all ports of entry into the United States.

State and Local Participation

From the Program's inception, State and local law enforcement elements have worked closely with the Task Forces. The "Guidelines" promote the coordinated involvement of State and local authorities in investigating, apprehending, and prosecuting major drug traffickers and their organizations. The increase in State and local participation significantly increases the available resources and expands the venue for prosecution.

Four features of the OCDETF Program facilitate such coordination. States and localities are eligible for reimbursement from the Federal Government for designated expenses incurred when they participate in Task Force cases, and State and local enforcement officials can be deputized under appropriate circumstances. Additionally, the OCDETF Program allows for the cross-designation of attorneys, with designated Federal attorneys participating in State prosecutions and State attorneys in Federal prosecutions. Finally, the OCDETF Program provides for the equitable sharing of assets forfeited by drug traffickers.

Conclusion

The long-term, multi-agency approach of OCDETF is the most promising investigative and prosecutorial strategy for dealing with sophisticated drug trafficking organizations. As the following sections of this report illustrate, only such a multidimensional approach can begin to attack the highly sophisticated, complex, and widespread drug organizations that control illicit drug trafficking in the United States today.

The Five Star Health Club

The Five Star Health Club, in Fairmont, West Virginia, was in reality a gambling casino. Just three days prior to a police raid that closed it forever, the club was locked up by its owners. This was not the owners' only line of work. Three of the "five stars," the Spadafore brothers, Donnie, John, and Ralph, were drug dealers. The others were their attorney and an ex-cop who was a convicted gambler.

Over a period of years beginning in 1979, the Spadafore organization smuggled multi-kilo quantities of cocaine into Fairmont, then broke it into smaller consignments for distribution in central West Virginia and in Erie, Pennsylvania. Among many other local endeavors, they owned a grocery where, on inquiry, the grocer would pour you grams of cocaine from the middle Bisquick box on the shelf.

The gang originally made their wholesale purchases in Miami but soon tired of paying stateside prices and branched out into their own version of international drug smuggling. Donnie, the leader, brought in an Erie, Pennsylvania, organized crime figure, Joseph Scutelli. The organization began to specialize in complicated logistical planning in order to avoid leaving trails. A firm Peruvian connection was established, improving certainty of supply and reducing price.

In a typical instance, three different private planes were used by the smuggling team. A ring-member pilot flew his own aircraft from Lima to Stella Maris in the Bahamas, where "the vacationers" were about to leave for Pittsburgh on a charter. "The vacationers" were a retired Erie Police Department detective and his wife, who were used repeatedly because of their ability to blend in with Caribbean tourists. Arriving in Fort Lauderdale at midnight, the couple (and the dope) boarded another of the organization's planes, which dropped them in Pittsburgh and delivered the cocaine to an unused, unlighted runway of the Morgantown, West Virginia, airport.

At the South American end, drugs were usually packed in a pillow stuffed with llama hair. When transported by car in the United States, the drugs were wrapped in a shoebox and addressed for mailing. If challenged, the driver would report having found the box at a rest stop and say he planned to mail it.

The Five Star attorney was versatile. At times he stored drugs or money at his home for the group. When an insurance arson was planned by the gang, this "corporate counsel" gave such advice as "put a dog and cat in the house and you'll get paid easier." According to other defendants, it was he who arranged for and delivered monthly payments to "the Charlies" to give the gang protection from law enforcement. "The Charlies," Anderson and Dodd, were the county prosecutor and the sheriff, both convicted at later dates. The lawyer also was accused of acting as lookout while the brothers broke into the police garage seeking to recover cash and cocaine they thought was hidden in an impounded car. (Somebody else got there first.)

A fellow barrister--actually a city judge--was hired to keep police occupied inside the station next door during the break-in. The young judge was seduced into drug dealing by Donnie's offer of a trip to South America to "run some errands." He was half way to Peru when he first learned that the only errand was to pick up drugs and that he would be paid $65,000 for doing so. The temptation was too great.

The information and evidence necessary to bring down the "stars" was developed over a period of four years by agents of the FBI, IRS, West Virginia State Police, and Fairmont Police Department, under auspices of the Organized Crime Drug Enforcement

Task Force. Faced with up to life in prison, the Spadafores all entered plea agreements. The mastermind, Donnie, pled guilty in the Northern District of West Virginia to charges of operating a continuing criminal enterprise, unlawful possession of an unregistered firearm, and filing a false income tax return. He was sentenced to 20 years without parole. John Spadafore's primary role in the organization had been providing the muscle; he pled guilty to RICO charges in connection with drugs and also received 20 years. Ralph's role was to provide financial services and present a legitimate front for the organization. He was the overseer of the gambling operation and was responsible for all hiring. Ralph pled guilty to violating the RICO statute in connection with gambling and was sentenced to six years. All but one of the 21 persons indicted have been convicted or have pled guilty. The last is a fugitive believed to be somewhere in South America.

One of those convicted was Carol Rae Olson, a key supplier to the Spadafore organization, and a vice-president of an oil company whose jet aircraft were used to move drugs. Her conviction was especially important because it severed a direct cocaine pipeline from Peru to the United States. Olson was apprehended in Hawaii with Donnie Spadafore's help and found guilty of six counts of racketeering, conspiracy, and cocaine importation. Others found guilty included Scutelli, the ring's lawyer, the city judge, two pilots, and "the vacationers."

II.
The Nature of the Enemy

Availability and Abuse of Illicit Drugs

Patterns of the Drug Problem

The worldwide drug problem is a modern plague that is multifaceted and pervasive. Drugs are at once a social, economic, medical, political, and national security problem; their massive influx is ravaging society.

The social effects of drug abuse are devastating. Illicit drug trafficking destroys social productivity by creating dependencies that destroy the ability to perform in the workplace by creating incentives to turn to crime in order to get the money needed to feed drug habits, and by corrupting individuals with the prospects of the enormously high sums they can make dealing drugs.

> ***. . . as drug traffickers buy legitimate businesses, the effect is less to integrate the dealers into society than to draw parts of the economy into the drug culture.***

The social effects of drug trafficking are accentuated and reinforced by their direct and indirect economic impact. The sums spent on drugs represent resources lost to legitimate productive enterprises. The money laundered by drug dealers corrupts everything and everybody it touches; as drug traffickers buy legitimate businesses, the effect is less to integrate the dealers into society than to draw parts of the economy into the drug culture. Further, the indirect economic effects of drugs carry over into the workplace, whether one considers the accidents caused by employees under the influence of drugs, the drop in productivity caused by drug abuse, or the burden placed on employers when anti-drug abuse programs must be implemented in their companies.

The abuse of drugs generates severe medical problems: deaths from overdoses, children born to addicted mothers, and the spread of diseases such as AIDS and hepatitis through the sharing of contaminated needles by intravenous drug users. By channeling scarce resources into treatment, the drug problem increases the cost of health care for the entire nation. Even marijuana can have devastating long-term results. Not only is marijuana the drug with which many users begin, but marijuana cigarettes have several times the carcinogenic tar content of tobacco cigarettes.

Drug abuse also has important political and national security dimensions. The larger drug organizations, particularly the so-called Colombian cartels, have become so powerful that they threaten the stability of any regime that confronts them. The traffickers' drug money has corrupted many officials in source countries to the point where even officials charged with eradicating the problem are on the traffickers' payrolls. Additionally, the governments of some source countries hostile to the United States see drugs as a weapon that can be used to weaken U.S. society.

Fifteen countries are currently listed by the U.S. State Department as major producers of illicit drugs. Four of these, Afghanistan, Burma, Iran, and Laos, all opium producers, are decertified for United States assistance under the provisions of the Foreign Assistance Act. Two other countries, Panama and Syria, are decertified for failure to control trafficking and money laundering.

Colombia, the largest exporter to the United States of marijuana and processed cocaine, will continue to be assisted in the internal battle between the government and the traffickers. The U.S. State

Department points out in its official statement of explanation:

> A much-needed infusion of government military capability had handsome results in 1988: over 23 tons of cocaine seized, more than 800 labs destroyed including 29 major complexes, and more than 600,000 gallons of precursor chemicals seized. In January and February of this year Colombia continued to take the initiative in a series of raids on major cocaine-producing facilities that yielded the largest seizure ever of precursor chemicals. The strong actions against cocaine refining were particularly welcome as a test of Colombia's continuing courage to resist the violence of well-armed trafficking and insurgent groups. The aerial spray program has succeeded in eliminating about 90 percent of traditional cannabis cultivation; however, new growth in other regions pushed Colombia back into position as the number one exporter of marijuana to the U.S. Strategies are being revised to meet this challenge and the U.S. has confidence in the cannabis spraying program. . . . As much as has been done, Colombia must do more, not just to eradicate crops, but to overcome corruption and intimidation. Colombia fights a two-front war against the traffickers and insurgents, too often in league with one another. We will continue to assist in meeting that challenge.

The consumption of illegal drugs is one of the most serious domestic problems the United States faces. Estimates of the extent of the user population, or of the consumption of particular drugs, vary. What can be said is that the number of users of all kinds of illegal drugs is well into the millions. While the number of heroin users remains comparatively level, the number of users of other drugs, particularly of "crack" cocaine, has grown significantly. Although drug users are found disproportionately in inner-city neighborhoods, they are by no means confined to these areas. No social class, no geographic area has been spared the effects of the drug plague.

The 1988 statistics indicate that cocaine is available at prices significantly below the pre-1987 levels. DEA removal and arrest reports, together with the Drug Abuse Warning Network (DAWN) reports of hospital emergency room drug "mentions," contain clear implications of an increase in cocaine abuse. The only bright side is that this increase is not occurring among high school seniors. For the fourth consecutive year their reported cocaine use was significantly down, along with that of marijuana and phencyclidine (PCP). Researchers were quick to point out, however, that the group excluded, by definition, those of high school age and not in school, who are generally considered to be more seriously at risk and would be expected to raise the totals more than proportionately.

Peru, Bolivia, Ecuador, and Colombia . . . account for nearly all of the coca leaf produced . . .

There is no single "drug abuse problem," but rather a series of overlapping problems. The various abused drugs have very different effects on users, ranging from a mild euphoria to the triggering of psychotic behavior to sudden death from overdose. Further, there are many different kinds of users, from inner-city youth to successful upper-income professionals. Drug traffickers are as varied a group as those they supply, from the small-time free-lancer to the heads of vast, tentacular, international cartels. The following sections discuss the availability and abuse patterns of the major illicit drugs and the changing status of the major drug trafficking organizations.

Principal Drugs of Abuse

Cocaine

Cocaine continues to be a major drug abuse problem because of its widespread use, increased availability, and significant health consequences. Four Latin American source countries--Peru, Bolivia, Ecuador, and Colombia--account for nearly all of the coca leaf produced, with at least three-quarters of the cocaine product actually processed in Colombia. In 1988, South American coca cultivation yielded up to 227,000 metric tons of coca leaf, which converts to approximately 355 metric tons of cocaine, continuing a steady annual increase. The coca plant is converted into a paste and then a base before being transported to laboratories in Colombia for final refining into cocaine hydrochloride (HCL). Cocaine generates vast profits for international drug traffickers, particularly the organizations based in the Colombian cities of Medellin and Cali.

The use of cocaine is of epidemic proportions in the United States. Drug abuse experts estimate that over 22 million Americans have tried cocaine. Nearly six million people use it at least once a month, with one-third to one-half that number thought to be addicted. The estimated daily increase in the number of users is more than 5,000. While field reports assert that cocaine HCL is the drug of choice for the majority of cocaine users, the increasing availability of "crack," a form of cocaine processed primarily for smoking, has led to a surge in the number of individuals admitted to hospitals for cocaine-related emergencies.

Crack is an inexpensive, highly addictive, physically and emotionally destructive drug, whose use has reached staggering levels in some communities. Although the majority of crack available in the United States is believed to originate from independent, low-level traffickers, who buy cocaine HCL from wholesalers, convert it to crack, and sell it to users, Federal investigators have discerned a fundamental change in the structure of crack trafficking. Several large-scale trafficking groups, whose complexity is beginning to approach that of established mid-level cocaine or heroin dealers, have begun to emerge and are now overshadowing the small-scale traffickers. An increase in violence has occurred as power struggles over drug territory develop among successful small-scale groups, inner-city street gangs, and large-scale Jamaican organizations attempting to expand their market area.

The extraordinary overall expansion of the market for crack raises broader issues about the relation of supply to the demand for illegal drugs. International traffickers and domestic distributors do not simply react to their customers' demands. Many drug suppliers are trying to anticipate their customers by developing more "advanced" products. As a rough analogy, the development of crack bears some resemblance to Henry Ford's development of the automobile for the mass market. Ford managed to satisfy a pre-existing demand for greater mobility by bringing the automobile within reach of ordinary consumers. In so doing, he serviced a totally new market. Similarly, crack has "democratized" the consumption of cocaine. The unit cost is lower than that of cocaine HCL, its effects are even more intense, and the product can be distributed in a pure form, with no adulterants or diluents. But because its effects are so short lived, users need a steadier supply of the drug than for other forms of cocaine. In that sense, crack sellers satisfy their users and help to feed an insatiable demand.

Crack is an inexpensive, highly addictive, physically and emotionally destructive drug, whose use has reached staggering levels in some communities.

The distribution of cocaine has reached a point where the cocaine market is integral to many local economies. Some of the economic effects of the drug economy are discussed below. It is sufficient to note here that while the long-term effects of large-scale drug trafficking invariably weaken the economies of source and consuming nations, there are effects which are perceived as beneficial in the short term. The sheer size of the returns available to those willing to take risks is extraordinary. According to an estimate from the field, the total annual value of the illegal drug business in the United States has risen to over $100 billion. Reaching beyond the immediate circle of those who deal in drugs, cocaine trafficking dollars affect bankers, car dealers, realtors, and others with whom drug dealers invest or spend their earnings.

The pattern of drug industry distribution lines contributes to the success of drug trafficking operations. Distribution networks are both widespread and easily adapted to the threat from law enforcement organizations. It is difficult, if not impossible, to completely control drugs such as cocaine, which are produced and processed abroad and then smuggled into the United States. In addition to small-scale smuggling by couriers who conceal drugs on their persons or in luggage, drug traffickers have shown endless ingenuity in devising new approaches. According to reports by U.S. Attorneys and others, the greatest growth area in smuggling is the secreting of narcotics shipments in ostensibly legitimate commercial cargo, such as fresh cut flowers, frozen fruit juices, and industrial equipment.

Ray Ray and the BGF

The Black Guerrilla Family is a close-knit gang that originated in the '70s in California prisons. BGF members and affiliates are engaged in many types of crime and are best characterized as "simply prone to violence."

This OCDETF case involved an investigation by a Task Force team consisting of the DEA, IRS, BATF, Los Angeles Sheriff's Office, California Department of Justice, and local police officers from four jurisdictions. Their goal was to uncover and prosecute the narcotics, strong-arming, and homicide activities of the Elrader "Ray Ray" Browning organization. After two years of investigation, working undercover and using informants, six months of intensive surveillance, and three months of wiretaps on residences, automobiles, and portable phones, 28 defendants were indicted on a variety of cocaine, heroin, and firearms charges. Browning's organization distributed cocaine and heroin in Los Angeles, Detroit, Oakland, and Kansas City. In addition to the 20 other murders attributed to them, they were proved responsible for the killing of a Government informant and the attempted murder of one of Browning's drug couriers whose consignment of cocaine was seized by the DEA in Detroit.

Browning was released from prison in 1979 after serving part of a State term for a murder he committed as a juvenile. In August of that year, a man, identified as Browning, walked into a cafe and shot to death two men. The attack was to avenge a drug robbery of James "Doc" Holiday, Ray Ray Browning's associate. Ray Ray's conviction was overturned when a California Supreme Court decision rendered inadmissible the testimony of a witness who had been hypnotized in an attempt to refresh her memory.

In 1983, Browning was found guilty of firebombing and shooting into a Pasadena home in an incident related to drug territories. Again, his conviction was overturned, and he was released in September 1985. Browning then began organizing his major drug ring.

Like a corporation's chief executive officer, Ray Ray headed a broad narcotics empire with senior executives in at least four cities. Gross sales were estimated at $1 million to $3 million per month! Profits were funneled into a pricey life-style for Browning, his girlfriend and second-in-command, Nei Marie Wells, and a very small group of top confederates such as "Doc" Holiday. The rest were mainly small-time drug dealers ordered by Ray Ray to work for him or close up shop.

At home in Pasadena everyone knew Ray Ray. Seeing him being driven in his white limousine or smiling behind the wheel of his Rolls-Royce, young boys watched in reverence and adults spoke in hushed tones. To those who knew him, Browning always seemed to beat the system. Folklore produced a man larger than life. Tales of drug rivalries, intimidation, and murder abounded.

The turning point was an incident in Detroit. Big John Milan, a Browning operative, arrived by bus with 18 kilos of cocaine in two suitcases. Observing two men and a dog examining his luggage, Big John refused to claim it. The agents had been alerted to his arrival by their L.A. counterparts who were tapping Ray Ray's phone. They later testified that they did not detain Milan in order to protect the integrity of the wiretap.

Milan called Nei Wells to ask permission to abandon the bags but was told that he might as well get arrested because Ray Ray wouldn't believe his story. He then approached the baggage clerk who gratuitously told him not to claim the bags because the police had discovered the "bricks" inside. At that, John departed without the bags and checked into a Detroit hotel which the gang customarily used. Within a few hours he changed hotels at

Ray Ray's direction. The next evening, two men fired several .45 caliber slugs into Big John's room, wounding him seriously. At that point, Big John decided to cooperate with authorities in order to save his life. Nei's to-the-point comment registered on tape was "We never heard of dogs sniffing buses before."

John Milan would make a zealous witness but not a particularly well-informed or reputable one. Nei Marie Wells, however, was all these things. Nei functioned at the center of the web and knew more of the details than anyone but Ray Ray himself. Facing CCE charges and sentencing possibilities of up to 80 years, Nei decided to cooperate, provided she and her children could be protected from Ray Ray's wrath. Nei Wells became "the most diligent, conscientious cooperating witness" the prosecutor had ever seen. She is presently out on bond awaiting sentencing, and she and her family are secure in the U.S. Marshal's Witness Security Program.

The raid that closed down the Ray Ray Browning operation involved several hundred officers and agents who went to 17 locations simultaneously, and seized 15 pounds of cocaine, $300,000 in cash, four homes, an apartment building, and 10 cars. They arrested 21 persons, and seven more were later detained on additional Federal warrants. The Browning case and several immediate spin-offs resulted in seizures totaling almost a million dollars in cash and several million dollars worth of real estate, jewelry, and vehicles.

Twenty of the 28 charged defendants were prosecuted in Federal court. Of those 20, 18 pled guilty and received sentences of up to 20 years in prison without parole; the only defendants to go on trial in Federal court were Browning and Holiday. After a three-week trial in which they chose to handle their own defense, both were convicted. While awaiting sentencing, Browning tried to escape from Terminal Island Federal Prison by posing as an attorney, complete with wig, mustache, briefcase, and lawbook, but was foiled by an alert guard who recognized Ray Ray's "swagger."

Ray Ray and his swagger are presently serving two life sentences plus 120 years in Leavenworth. He was among the nation's first defendants to be prosecuted under the 1986 statute mandating a life term for a conviction as the chief of a continuing criminal enterprise involving drugs. He was ordered to pay $2 million in fines, just in case anything should be left after forfeitures and the collection of unpaid taxes on the drug income. "Doc" Holiday was sentenced to life without possibility of parole.

The judge remarked at sentencing on August 29, 1988, "When Congress passed the [statute] it had a certain individual in mind. Well, Mr. Browning you are it." Under the newest drug law, which took effect November 21, 1988, a defendant in Browning's position who is proven to have committed or ordered a drug-related murder faces the death penalty. Perhaps Ray Ray lucked out once again.

These "cargo cases" present a significant challenge to law enforcement authorities. For example, flowers cut and boxed in Colombia arrive at Miami International Airport daily; after clearing Customs, consignees claim them, break the shipments down, and send them on to wholesalers and retailers. The problem for law enforcement is to distinguish between legitimate shipments and those with concealed drugs before the flowers wilt, as they will if shipments are not quickly cleared.

Whenever agents make a seizure, there is the potential to hold up the remaining consignments, leaving legitimate consignees to swallow their losses. Even when the authorities have made their seizure, it may not immediately lead to arrests or prosecutions. As the cargo is likely to remain unclaimed, extensive follow-up investigations are required to identify the persons responsible for the shipment.

In South Florida and certain other areas, it may be that there is such a glut of cocaine that even massive seizures have minimal effect on available supplies. The conditions that favor this widespread availability include the great mobility of traffickers, the "cellular" nature of many distribution organizations, and, as mentioned earlier, the ability of many traffickers to stay ahead of their clientele by developing new products. A recent seizure of cocaine in South Florida, amounting to 6,000 kg, led to no arrests or convictions and had no impact on local wholesale or retail prices for cocaine. This is in ironic contrast to seizures of less than 50 kilos elsewhere that have sometimes led to the breakup of major local trafficking organizations.

The geography in many Task Force districts works in favor of smugglers and against law enforcement agents; for example, the thousands of miles of Florida coastline, with its many inlets, make the region ideal for any kind of smuggling. In the case of Miami or San Diego, proximity to the border or coastal waters affects the entire picture: the distribution network, the demand for particular drugs, onsite processing, and, of course, prices. Because the Mexican cities of Tijuana and Mexicali are just over the border, San Diego and vicinity has become a center for international drug trafficking and money laundering operations.

Several features of the San Diego metropolitan area help to account for its importance, among them the continuing stream of traffic into and out of the area, which favors the smuggling of easily concealable drugs; the existence of remote areas, which can serve as dropoff points; and a large tourist industry, which swells the user base. The sheer volume of traffic at international ports of entry makes it impossible to search every person or vehicle entering the United States; for example, in southern California, at the San Ysidro port of entry alone, more than 44 million individuals were processed in FY 1988.

Drug traffickers understand all this quite well and count on it. Given the volume of traffic, their chances of being caught are small to begin with. There are always enough remote, unattended crossing points to turn to, if the authorities beef up the official checkpoints. But many smuggling organizations never resort to uncontrolled border areas. Instead, they use professional "mules" (couriers) and sophisticated, compartmentalized cars, vans, and trucks for smuggling, with an extremely high rate of success.

The situation in southern California is also worth discussing because it illustrates many of the difficulties in the interdiction of the flow of cocaine. While brown Mexican heroin and marijuana were long the main illicit drugs coming in from Mexico, that situation has changed. By the middle of the 1980s, the deterioration in Mexico's economic situation had transformed it into a major point for the transshipment of cocaine. During this period of increasing interdiction along the eastern air corridor and in South Florida, drug smugglers operating out of Colombia and other Central and South American countries increasingly used Mexico as a transshipment point to southern California.

The increase in intercepted loads at Mexican ports of entry has proved astounding. In unrelated incidents, agents recently seized loads totaling 584, 676, and 425 kg. In one 20-day period, agents seized 871 kg of cocaine in three unrelated cases. For the first eight months of FY 1988, agents in DEA's San Diego division seized 2,362 kg of cocaine, up from 636 kg for all of 1987.

Changing patterns of consumption accompanied shifts in importation patterns. Before 1985-1986, most users "snorted" cocaine. The development of crack cocaine, which is smoked, greatly changed the picture. Street dealers can give their customers a product that is ready to smoke immediately. The final processor simply combines baking soda, water, and cocaine powder and heats the mixture on a stove. Once the process is completed, the dealer breaks, or "cracks," the solid product into rock-like fragments that are ready for sale.

Crack magnifies the effects associated with taking ordinary cocaine. It is much more addictive, accentuating both the intense highs and the corresponding lows that cocaine produces. Because a crack-induced euphoria is so intense and its effects so short lived, it engenders a demand that makes the user quickly come back for more. It also has certain practical advantages over intravenous injections. For instance, intravenous drug users are switching to crack because smoking crack eliminates the risk of contracting AIDS through contaminated needles. Crack's low cost and widespread availability have made it the drug of choice of many users.

Cocaine availability in the United States remains high as prices continue to fall.

With dosage units so small and unit prices so low, the trade has opened up an entirely new cocaine market among lower-income users. This market has also become very lucrative. Dealers can take an ounce (28.35 grams) of cocaine HCL costing $1,000 and convert it into about 25,000 milligrams of crack that will sell on the street for $10 per 100-milligram unit. Thus, crack is as irresistible to the dealer as it is to the user: it is easily manufactured, easily transported, and easily distributed. For this reason, crack distribution is popular with small free-lance traffickers who buy the product from larger distributors.

Cocaine continues to be one of the most dangerous drug threats to the health and welfare of the American people. Cocaine availability in the United States remains high as prices continue to fall. Between 1982 and 1988, the wholesale price for a kilo of cocaine fell from a national range of $47,000 to $70,000 to a range of approximately $11,000 to $34,000. With the drop in prices, there has been a concomitant increase in the purity of cocaine. Fifteen years ago, the average packet of cocaine was 10 to 20 percent pure. Today, the average purity of retail cocaine stands at approximately 70 percent.

Heroin

Among illicit addictive drugs, heroin, with an estimated one-half to three-quarters of a million addicts in the United States, is second only to cocaine in its widespread use and devastating social effects. Heroin available in the United States comes from three sources: Mexico, Southeast Asia (Burma, Thailand, and Laos), and Southwest Asia (Afghanistan, Pakistan, and Iran).

Compared to cocaine, heroin has a much more stable user population, as evidenced by the aging of the heroin-using population over the past decade. In 1978, 34 percent of the heroin-related emergency room admissions monitored by DAWN were persons 30 years of age or older. In 1980, 1986, and 1987, this rose to 42, 64, and 67 percent, respectively.

Investigations by Federal law enforcement agencies confirm the ready availability of relatively pure Mexican heroin in various forms, primarily on the West Coast. A relatively new form of crudely processed, inexpensive, and potent poppy derivative, often called Mexican "black tar," "gumball," "gum," or "tootsie roll," is available in many areas of the country.

Black tar heroin owes its popularity to its relative cheapness, high potency, and availability. It is known that street sample purities can go as high as 93 percent and that samples of 60 to 70 percent are common--compared to an average level of 6 to 7 percent for Mexican brown heroin. These high purity levels have caused the number of heroin-related emergencies and overdoses to skyrocket and have opened up new illicit markets.

It is estimated that roughly 40 percent of heroin entering the United States originates in Mexico . . .

Data published by the FBI suggest that the magnitude of the threat presented by the increase in Mexican heroin production is of formidable proportions. It is estimated that roughly 40 percent of heroin entering the United States originates in Mexico; that opium available for processing into heroin in Mexico rose from about 17 to about 50 tons between 1983 and 1988; and that each ton of raw opium could be processed to yield about 100 kg of heroin.

The Mexican states of Sonora, Chihuahua, and Durango have been the primary growing areas for opium. Evidence exists that opium poppy cultivation is moving from the northwestern part of the country into the southern states of Guerrero, Oaxaca, and Veracruz. Growing seasons there are longer, the soil is more fertile, and the fields are much larger than those normally cultivated in the north. The combination of these factors has dramatically increased heroin production in Mexico.

A newer and even deadlier form of drug, fentanyl, is beginning to compete with brown or black tar heroin in the user market. Fentanyl is a synthetic form of heroin that may be a thousand times more powerful than any Mexican heroin. From the user's standpoint, fentanyl and heroin are sufficiently similar to make them easily interchangeable. Fentanyl can be packaged in papers, balloons, tin foil, or coin holders and is adulterated with the same diluents as heroin. Because fentanyl is relatively new and untested, there are no reliable street tests for determining its potency, and the number of deaths from overdose is high. A current OCDETF investigation in southern California involved the seizure of 40 ounces of fentanyl, the largest single seizure in the United States to date.

As a rough generalization, major heroin distributors, such as La Cosa Nostra (LCN), the Sicilian Mafia, and Asian gangs, now use many of the same techniques as do cocaine distributors. There are the same organized networks, the same corruption of public officials, the same use of remote airstrips, the same ability to adjust prices to escalating demand. In addition to La Cosa Nostra, the Sicilian Mafia, and Asian gangs, heroin distributors include the so-called Mexican Mafia, operating mainly in the southwestern United States; a number of other domestic traffickers, operating on both coasts; and foreign nationals, such as Chinese importing networks, which obtain their heroin directly from Hong Kong, as well as Lebanese, Nigerian, and Pakistani traffickers.

Hong Kong and Lebanon have especially important roles in international drug trafficking: Hong Kong as the premier narcotics money laundering center for Southeast Asian traffickers, Lebanon as the world's major producer of hashish and key transit point for heroin. U.S. Government officials believe that half of the injectable heroin that enters Hong Kong may be destined for the United States. Local Hong Kong drug organizations also traffic in heroin base (smokable heroin), the kind most popular with the vast Hong Kong drug-consuming population. Hong Kong authorities have enacted legislation to deal with racketeering organizations, and the government's revision of banking laws has given Hong Kong and U.S. law enforcement agencies greater access to information on Asian drug-related activities.

In many regions of the United States, the growing importance of foreign nationals as direct sources of supply has become apparent. At the same time, information gained in Federal narcotics investigations since the late 1970s has consistently reflected the intermingling of cocaine and heroin traffic by the more sophisticated inner-city distribution networks.

One of the most important international links in heroin trafficking is that between the Sicilian Mafia and La Cosa Nostra leadership. OCDETF Program investigations have revealed the extent of the Sicilian Mafia's involvement in importing and distributing heroin in many areas of the United States. In one OCDETF Program case alone, La Cosa Nostra distributed an estimated $1.65 billion worth of heroin smuggled from Sicily.

In one OCDETF case, the FBI, DEA, Customs, State and local police, and Italian law enforcement authorities have investigated a ring of Italian drug traffickers that had routinely imported heroin from Southwest Asia into the United States by way of Sicily and the Italian mainland. It is believed that as many as 200 high-level drug traffickers in the United States and Italy were involved in this lucrative and rarely interrupted trade. Most are now in jail. While the Sicilian Mafia and LCN are still major suppliers, they are now feeling competition from newer, less traditional organizations. Particularly in border areas, Mexican traffickers have the great advantage of being closer to both sources and markets. Even in Mexico, heroin's immense profitability has led to newer suppliers, independent of the traditional Mexican cartels. There is now a low-level industry, with family groups independently smuggling 10 to 15 ounces across the border, perhaps with greater impunity than established organizations making larger shipments.

Marijuana

Marijuana is the most widely used illicit drug in the United States and the only one domestically cultivated. Foreign sources of marijuana include Mexico, Jamaica, Thailand, Colombia, Laos, and Belize. By official estimates, the worldwide cultivation of marijuana increased from between 7,070 to 10,925 metric tons in 1985 to as many as 19,870 tons in 1988.

As with other illicit drugs, marijuana creates the usual network of suppliers, distributors, and money-launderers, whose funds can be used to corrupt public officials and legitimate private organizations and to recruit more individuals into drug trafficking. Moreover, there are other sinister side effects of large-scale marijuana trafficking. These include the use, by growers, of booby traps to protect their plots; the infiltration of cannabis cultivation in the national forests; and the distortion of entire local economies by the influence of money generated by marijuana growers, particularly on the West Coast. In these rural areas it is easy to cultivate marijuana, a drug whose production some inhabitants consider neither immoral nor undesirable, as a sideline to other earnings. The added utility of cultivating one's plot in a national forest lies in the legal status of the site where drugs are seized. If cultivators are caught on their own property, law enforcement officials can confiscate the entire property--an obvious impossibility on public land.

In 1988, domestically produced marijuana was thought to comprise approximately a quarter of the total U.S. supply. Domestic growers have become more creative. For example, they have moved toward the cultivation of sinsemilla, the potent unpollinated female plant. Another trend is toward the use of hydroponic techniques--the cultivation of plants in water containing nutrients rather than in soil, to increase yield and concentrate the plant's active ingredients. In an effort to elude detection, indoor cultivation has also increased.

These developments make domestic marijuana cultivation more difficult to combat. In some remote farming communities, marijuana has become a staple crop. An underground economy has evolved, with prices fixed to benefit everyone involved in production, from planters to those who do the harvesting. Compared to cocaine and heroin networks, those involved in producing and distributing marijuana are more independent and widely dispersed, which makes their suppression that much more difficult.

A single current OCDETF Program investigation gives some idea of the multitude of marijuana trafficking organizations working together. The breakup of one high-level smuggling organization led to the unraveling of a network of more than 15 U.S. and Canadian distributors responsible for smuggling 60 to 70 tons of marijuana into the United States annually. Additionally, the Task Force identified over 90 Canadian money laundering organizations based in Toronto and in West Palm Beach, Florida. This one investigation led to 51 indictments in the United States and Canada and to the seizure of $21 million in assets.

Other Dangerous Drugs

The abuse of synthetic drugs poses perhaps the greatest challenge for the future, because these drugs provide almost unlimited alternatives to other drugs of abuse. Synthetic drugs reach the illicit market through the diversion of pharmaceutical drugs, such as amphetamines and barbiturates, and through clandestine manufacture. All of the phencyclidine (PCP) and most methamphetamine available to illicit users is produced in domestic clandestine laboratories.

OCDETF Program estimates place southern California [methamphetamine] seizures at one-fourth to one-third of the U.S. total over the last several years.

The explosive growth in the use of methamphetamine illustrates some of the problems in controlling dangerous drugs manufactured in clandestine laboratories with ingredients that can be purchased legally from local supply houses. In the San Diego area, the problem is so severe that it has become known as the methamphetamine, or "crystal meth," capital of the United States. The number of labs seized there has increased from six in FY 1983 to 136 in FY 1988.

OCDETF Program estimates place southern California seizures at one-fourth to one-third of the U.S. total over the last several years. Despite increased law enforcement, the popularity of this dangerous stimulant has exploded.

The production and abuse of methamphetamine has aggravated a difficult situation. In California, and to an extent throughout the United States, outlaw motorcycle gangs control the manufacture and distribution of these drugs. Gang members do not hesitate to employ violence on the slightest provocation. In fact, law enforcement officials believe that laboratories that produce dangerous drugs accentuate the violence common to all forms of drug trafficking. "Meth"-related murders are often characterized by multiple stab or gunshot wounds, and the labs themselves are often booby-trapped with explosives or toxic materials. Law enforcement sources have also noted the presence of so-called "invisible" toxic chemicals, either in the labs or in the drugs themselves. These are often unknown substances that can cause permanent damage to anyone who comes in contact with them.

The production of dangerous drugs in clandestine labs has become a major industry in some parts of the country. A recent case in southern California uncovered a large methamphetamine manufacturing and distribution organization operating in the San Diego area. The organization routinely dealt in multi-pound quantities of the drug through a local auto body shop that served as a front. Federal law enforcement agents ultimately seized over 100 pounds of methamphetamine, $1.6 million in cash, three residences, two businesses, and over 100 cars, as well as an armory of semi- and full-automatic military assault weapons.

Methamphetamine is only the most prominent of the dangerous drugs. The term "designer drugs" summarizes a relatively new phenomenon. Designer drugs result when chemists produce altered versions of controlled substances, analogs whose exact chemical structures are not covered by the Controlled Substances Act. Perhaps the best example of this phenomenon is the synthetic opiate fentanyl. Fentanyl originated as an anesthetic. By creating an analog, alphamethyl fentanyl, unethical chemists created a drug many times more powerful than heroin and even more lethal. The addition of alphamethyl fentanyl to the list of controlled substances did not arrest the spread of designer drugs. It encouraged chemists to become still more creative, producing fentanyl analogs whose potencies and dangers remain largely unknown.

Chemists and pharmacists are producing new drugs faster than government agencies can track them. In fact, many of the newest analogs are derived from precursors that are not themselves controlled. The weakness of analog-related legislation is that it only covers the final product, and enforcement agencies have not found it possible to license chemical supply houses and enforce a stringent record-keeping program.

In the southeastern United States, lysergic acid diethylamide (LSD) has re-emerged as a popular distribution item. Evidence exists that LSD originating on the West Coast retails in many areas at a rate of $5 to $6 per dosage unit; the seizure of as many as 15,000 to 20,000 dosage units in Georgia gives some idea of the drug's availability. LSD is simply one drug among many. For example, dilaudid is a popular drug among intravenous addicts and middle-class opiate abusers generally. Retailing in parts of the Southeast for $50 to $60 per unit, dilaudid remains popular because, as a registered drug, it is literally a known quantity, unlike heroin and, therefore, safer to buy in the open market.

The Changing Face of Drug Trafficking Organizations

Patterns of Organized Crime

From its inception, the Organized Crime Drug Enforcement Task Force Program has concentrated on drug trafficking organizations whose operations cross national borders, are vertically integrated, and draw on alternate sources of supply and distribution. Concentration on target organizations fitting this profile is predicated on evidence that indicates that even though these organizations are of diverse natures in other aspects, their scope and operating methods make a coordinated approach necessary.

In the early 1970s, a new kind of drug trafficking organization began to emerge. First, profound social, political, and economic changes in the drug-producing and drug-consuming nations combined to accelerate and intensify the spread of drugs. Second, there was vastly increased mobility within and between consuming and producing nations, aided by cheap, readily available, international transportation. There was, too, a huge immigration from producing nations--chiefly from Latin America and the Far East--to the United States. Third, in the producing countries, many peasants and urban workers had surplus time for the kinds of work needed to sustain the drug traffic. Fourth, in the consuming nations, the old restrictions against many types of behavior, including the taking of drugs, had declined sharply. Taken together, these conditions made a new, unprecedented kind of drug trafficking possible.

No one drug organization is "typical." Instead, there is a multiplicity of trafficking organizations that follow a few rather well-defined patterns. There are the major international vertically integrated trafficking groups, best exemplified by the Colombian drug cartels; domestic groups such as the outlaw motorcycle gangs, whose operations often run from manufacturing to wholesaling; and city-based drug operations, such as the California street gangs, which are primarily involved in domestic distribution and retail sales.

The management structure of a major international drug trafficking organization can be visualized as a solar system. At the center are the kingpins who actually direct its activities and who are the only ones who see the organization as a whole. These individuals often have no direct contact with the product they distribute, let alone the ultimate user, the better to insulate themselves and to maintain the organization as a going concern. Orbiting this central body are other individuals with their own satellites orbiting them. These individuals perform indispensable functions as money-launderers, as accountants, as lawyers, or as the chemists who process drugs from their original states into the final product. Beyond these inner circles are the operatives who process the raw product, transport the semifinished product to an initial port of entry, and then direct the various wholesaling and retailing operations, including cutting (reducing) the drug's initial purity before it reaches the street.

The outlaw motorcycle gangs and the Los Angeles street gangs represent a different type of organizational model for drug trafficking. Compared to the Colombian cartels, and to the other major international trafficking organizations, the motorcycle gangs tend to have smaller, less sophisticated operations--lines of supply are shorter, bank accounts are fewer, and the quantities of drugs transported are not as great. Each of the four major outlaw motorcycle gangs has its own sphere of influence. For example, the Hells Angels are most active in California, while the Bandidos' operations are concentrated in the Southwest. The motorcycle gangs traffic in synthetic and counterfeit dangerous drugs, such as crystal meth, that are prepared in laboratories under their control. Either directly or through agents, they transport the product to local distributors who sell to the end user.

The Los Angeles street gangs represent a type that has an even more compact organizational structure with operations that are generally more directly linked to the end user than are those of the Colombian cartels or the motorcycle gangs. This type of organizational structure is smaller, with a less clear-cut division of labor, and the distinction between supplier and ultimate distributor blurs, since the street gangs are primarily retailers. However, older gang members sometimes deal in large quantities of cocaine, although they are not primarily wholesalers. The gangs tend to sell directly to the user or to small-scale operatives who split an ounce into grams or take cocaine HCL and turn it into crack.

Many retailers, especially the small-scale retailers, operate on their own. In southern California, for instance, there are distribution networks that sell cocaine to dealers in multi-kilo quantities or to smaller dealers in ounces or grams. In another pattern, Mexican nationals smuggle small amounts of brown or black tar heroin across the border and sell to users. While some distribution organizations are limited to members of the same ethnic group, this is not an essential characteristic in the definition of these distribution operations. However, a factor that is common to this type of distribution pattern is that distributors have access to a steady source of supply and have protected sites where they can sell their product.

Among the various types of organizational structures and operational types, law enforcement agencies have noted some common aspects of distribution channels and operating methods. First, except for domestically grown marijuana and for drugs produced in clandestine laboratories, most of the major illicit drugs originate outside the United States. The links between coca leaves cultivated in the Huallaga Valley of Peru and the destination of the final product--perhaps in some inner-city neighborhood--are long and complicated. In fact, the international trafficking networks, especially the Colombian drug cartels, are like "shadow" versions of legitimate enterprises. They are sophisticated organizations that finance operations with money generated by the enterprise, recruit operatives, provide for transportation, and supply local traffickers who supply the end user.

Second, a feature common to many of the largest organizations is their ability to tap alternate sources of supply. Thus, the Colombian cartels can buy their coca leaf or paste in Peru, Bolivia, Ecuador, or in Colombia itself. When Turkish authorities clamped down on the illicit cultivation of opium producing poppies, drug organizations shifted production to the Golden Triangle region of Southeast Asia and to the mountainous regions on both sides of the Afghanistan-Pakistan border. The major traffickers, then, have the ability to regroup and redirect a part of their operations without disrupting the whole.

Even La Cosa Nostra and other older organizations have had to become more flexible in their operations and in their relations with other organizations. LCN and the Sicilian Mafia traditionally depended solely on absolute control of a supply-and-distribution system that was predictable and protected at every step of the way. Operating in an environment of new players in international drug trafficking and of changing patterns of drug production and use, they have adapted by forming temporary alliances with other traffickers, developing new outlets for their products, and seeking alternate sources of supply.

The newer drug trafficking organizations that have sprung up domestically exhibit certain common patterns of development. Many of the major trafficking organizations began as operations limited to a single product or geographic area. Only later, as their leaders saw the possibilities inherent in expansion, did these groups move out into surrounding communities and develop more rigid, less personality-oriented structures for their organizations. For example, although the Crips and the Bloods, the two major Los Angeles street gangs, originated in southern California in the late 1960s, it was not until the mid-1980s that they went from small-time hoodlums to significant players in narcotics trafficking. The same holds true for the quasi-military, violence-prone gangs that developed inside the California State prison system in the 1960s. In each case, the organization's nucleus was a core group that defined itself by race or ethnicity or a well-defined geographic area--as in the case of the Los Angeles street gangs--or by status, as with prison gangs.

> ***Provided that the kingpins are untouched, . . . anyone seized by the police or neutralized by a rival gang can be replaced . . .***

Another common characteristic of today's successful drug trafficking organizations, whether international or domestic, is their ties to social and economic milieus in which there are excess labor markets willing to take risks in order to have an opportunity to partake in the enormous potential profit available in drug trafficking operations. Taken individually, most of those who are drawn into drug trafficking operations are expendable. Provided that the kingpins are untouched, virtually anyone seized by the police or neutralized by a rival gang can be replaced almost immediately. The drug kingpins can draw upon an enormous pool of unskilled labor required to do only one or two things effectively within the international supply-and-distribution network.

Another element common to the activities of all drug trafficking organizations is the necessity of responding to market factors which affect them all in their role as sales organizations. The logic of any sales business dictates that it constantly strive to increase its utilization of resources and access to customers so as to foster growth and profits. All of the conditions discussed--vertical integration, alternate sources of supply, the pool of excess labor to be tapped at will, the insulation of the kingpins from the distribution network--serve to explain how the organizations operate, but they do not entirely account for the phenomenal growth of the most successful groups.

Some of the preconditions for such growth are obvious. Since drugs such as heroin and cocaine are addictive, the user has a strong interest in supporting the habit by recruiting new users and supplying them with drugs. Thus, drug traffickers are operating within a market in which customers often become the most effective sales personnel. The physical nature of the "merchandise" also contributes to growth. Drugs like cocaine and heroin can be easily transported. Completely stopping their flow is almost impossible because new entry points and new smuggling methods can always be found.

The political and economic climate of many source countries also encourages cultivation of the raw materials that traffickers process into drugs. Five of the most important source countries--Mexico, Colombia, Ecuador, Peru, and Burma--have grave economic and political problems that are conducive to the move from conventional cash crops to coca, opium poppies, and marijuana. For impoverished peasants in the Peruvian or Ecuadorian jungles, there simply is no conventional crop that can provide the kind of income that coca produces. There is even a relationship to political radicalism. In Peru, for instance, the Maoist Sendero Luminoso (Senderistas), or Shining Path, guerrillas have moved from their base in the Andes down into the Huallaga Valley, the chief coca growing area in Peru. Not only have the Senderistas colluded with drug traffickers to take a portion of the profits, it appears that they are getting in on the trafficking themselves.

In sum, the newer drug trafficking groups discussed here have common features that make a coordinated investigative approach necessary. Yet, the structure of drug trafficking networks makes penetrating them exceedingly difficult and dangerous. The volume of drugs entering the United States is so large, the organizations involved are so numerous, and their ability to change their operations in response to threats is so great as to thwart conventional law enforcement methods. It is very difficult to shut down operations when such organizations can quickly regroup. Nor is this all; the more successful traffickers have demonstrated a phenomenal ability to respond to, and even manipulate, market conditions. The move from brown to black tar heroin was a response to product shortages, while the move from cocaine HCL to crack was a conscious market strategy to expand cocaine usage among less affluent customers.

The following sections describe some of the more important drug trafficking organizations in some detail. The aim, however, is less to categorize them than to analyze their workings and to discuss recent changes in their operations.

Principal Trafficking Organizations

The Colombian Drug Cartels

The Four Principal Cartels

The South and Central American nations that provide the flood of cocaine, some of the heroin, and much of the marijuana consumed in the United States are split along ethnic, economic, and political lines. The wealth and power that the narcotics trade generates cut across all of these divisions in ways that are altering these societies dramatically. The current power of the cartels over Colombian society demonstrates the frightening impact of a criminal organization when it becomes a state within a state.

> ***The move from brown to black tar heroin was a response to product shortages, while the move from cocaine HCL to crack was a conscious market strategy to expand cocaine usage among less affluent customers.***

The two largest Colombian syndicates, the Medellin and Cali cartels, control almost 70 percent of the cocaine--much of it transported from Bolivia, Ecuador, and Peru but actually processed in Colombia. The term "cartel" is somewhat misleading because it suggests a greater degree of cohesion than exists. They are, rather, communities of interest of greater or lesser duration: groups that pool their shipments, or share transportation lines, or exchange the kinds of information that make the work of the traffickers easier. But, in one sense, these groups do behave like classic cartels: through collusion they try to set prices and to eliminate any real competition. For instance, they effectively set prices for cocaine for resale and transportation, and they assemble the funds needed to buy the consent of major forces in Colombian society--whether the police, the judiciary, the bureaucracy, or those journalists who influence public opinion. Those who will not allow themselves to be bought are subject to threats, violence, and even murder. It is also misleading to assume that the structure of these organizations is ever established once and for all. The situation is sufficiently fluid that the power of different cartels rises or falls, depending on changes in the markets and the distribution networks with which they are involved. Besides the main cartels, there are dozens of other groups starting in the cocaine business and hoping to expand their markets. Even among the principal cartels, there is a constant jockeying for position. As of the end of 1988, the Cali and Medellin cartels were involved in a vicious trade war that had claimed over 100 lives.

The social changes brought about by drug trafficking seem to point in different directions. The leading cartel figures are becoming almost respectable in their home countries, and many of the smaller operators who transport coca paste to the big cartel-operated laboratories are using their earnings to buy

Los Diamantes

This Houston, Texas, OCDETF investigation offers a quick glimpse of the "Colombian invasion"--following cartel cocaine, cartel employees move into U.S. assignments as wholesalers, money-launderers, and street dealers. This conspiracy came to the attention of Federal authorities in when two Special Agents of an IRS Money Laundering Task Force observed Mario Restrepo in an area frequented by known traffickers and money-launderers. The agents followed Restrepo and discovered two residences in southwest Houston which were the hub of a great deal of vehicular and pedestrian activity. The agents stopped an approaching trash truck and arranged with the driver to pick up the garbage outside the houses and give it to them. They quickly set up a 24-hour surveillance and headed for the office with the trash.

In the bags was perfect evidence of a large-scale cocaine distribution and money laundering operation--money wrappers and rubber bands, a duffel bag, and ledger pages recording multi-kilo cocaine transactions. A "sniffer dog" from U.S. Customs responded positively to cocaine residue on the papers. Over the next few days, the surveillance identified additional suspects. By the end of the week, based on the "garbage," search warrants were obtained for the two homes and for four other locations. The searches produced more than $1.3 million in U.S. currency, 55 kilograms of cocaine, cellular phones and digital pagers, and the current books and records of the drug distribution/money laundering operation. Seven persons were arrested including Carlos Mancado-Rua, who was wanted by Houston police on a murder charge. A Federal grand jury originally indicted seven persons for these offenses; all but one were Colombian citizens. Two teenage boys were later dismissed from the indictment as required by law, and Federal juvenile proceedings were commenced against them. Ultimately, they were adjudicated as delinquents and deported to Colombia. Four of the five remaining defendants entered guilty pleas to drug or money laundering offenses.

A jury trial was conducted for the remaining defendant, Mario Restrepo. During the course of the trial, one cooperating defendant testified for the Government and gave the jury a rare insight into that portion of the Pablo Escobar cocaine cartel operating on American soil. The defendant testified how large quantities of cocaine are stored in local stash houses for eventual distribution in Houston as well as New York. He explained that certain members of the conspiracy would actually distribute cocaine, while others were responsible for the receipt of cash and maintaining the accounts receivable books.

It was testified that the local boss of this operation was a Colombian named Samuel Posada Rios Lemonada, or, familiarly, "Lemonada." Lemonada returned to Colombia in August 1988, when his picture appeared on Houston television in the context of a murder investigation. Because a 400-kilogram load of cocaine was scheduled to be delivered to Houston for redelivery to customers there and in New York, a group had to be hurriedly formed to receive and distribute the cocaine in Lemonada's absence. The group consisted of the five indicted adults and the 15- and the 17-year-old juveniles. All had previously been distributors subordinate to Lemonada.

Between August 9 and September 9, 1988, the group distributed 260 kilograms of cocaine around Houston and drove 140 kilos to New York City. Each and every kilo package bore the name "DIAMANTE," the trademark of Pablo Escobar of Medellin, Colombia. During this same time period, the group collected more than a million dollars in payment for the cocaine.

In the course of this brief investigation, OCDETF mobilized agents of Customs, INS, DEA, and the Houston Police Department, in addition to the originating IRS team.

An FBI expert in illicit business records and documents testified that the drug records seized from the conspirators evidenced over $5 million in cocaine transactions; $1.5 million was still owed for parts of the last, 400-kilo consignment. In addition to more than $1.3 million in cash, two houses, six vehicles, and a submachine gun were seized.

The jury convicted Mario Restrepo on all counts. All defendants forfeited their interest in the houses, cars, money, and electronic communications equipment. Restrepo and his four co-conspirators will be sentenced on April 14, 1989. From his safe retreat in Medellin, Lemonada presumably continues to command markets in Houston through Colombian contacts living there.

houses and automobiles and, generally, to move into the ranks of the Colombian middle class. That middle class has begun to accept this Colombian Mafia--the term most Colombians actually use--partly out of resignation, partly out of weariness of what many perceive as fighting a war on behalf of another nation. In any case, the physical appearance of the city of Medellin gives evidence of the hold the traffickers have on that city; the cartel chiefs control most of the impressive office buildings and retail establishments in the El Poblado district, where most of them live. This infiltration into the mainstream of Colombian society is particularly pernicious because the drug cartels are criminal organizations. No society can accommodate a criminal element without corrupting itself in the process.

Law enforcement agencies perceive the Medellin cartel to be the most powerful of the four main cartels. Based in the upland city of Medellin, this cartel consists of several groups, headed by their own chiefs, that work together for common ends. The Medellin cartel supposedly originated out of an alliance formed in the early 1980s by Jorge Luis Ochoa-Vasquez, Pablo Emilio Escobar-Gaviria, Jose Gonzalo Rodriguez-Gacha, and Carlos Enrique Lehder-Rivas. The organization's aim was to unite against several Colombian kidnapping gangs that were targeting the families of wealthy drug traffickers and businessmen. Today the directors of the cartel are Pablo Emilio Escobar-Gaviria; his cousin and business partner, Gustavo de Jesus Gaviria-Rivero; and Jorge Luis Ochoa-Vasquez. Of all the Colombian cartels, this one probably has the most structured organization, including "managers" who are dispatched to the United States for tours of duty as business representatives, headquarters that receive fax transmissions from operatives, and links between themselves and the country's legitimate business interests.

Within the past year, Jose Gonzalo Rodriguez-Gacha has emerged as one of the Medellin cartel's most powerful, though least known, leaders. Known as "the Mexican," because of his fondness for mariachi bands, Rodriguez operates out of Pacho, about 80 miles from Medellin. From here, Rodriguez and his organization virtually control certain states, thus gaining a regional political base. Rodriguez personally directs his network of transporters, distributors, and representatives in Miami, Los Angeles, and New York. In both South Florida and southern California, the organization maintains key representatives who are in charge of receiving shipments, collecting debts, and supporting the group's operations across the United States and Colombia.

In certain respects, the Rodriguez-Gacha organization differs markedly from those of other leaders of the Medellin cartel. Many of Rodriguez's U.S. representatives do not work on a commission basis, as do those working with the Escobar-Gaviria group. Instead, they are on straight salary. They are instructed to wear coats and ties, to keep businessmen's hours, and not to drive flashy automobiles. Additionally, his men are told to avoid areas where Colombians can be found, since American authorities frequently penetrate these locations.

Although the Medellin group is by far the best known Colombian cartel, there are at least three other major players: the Cali, the Bogota, and the North Atlantic Coast cartels. All originated about the same time--in the late 1970s and early 1980s--and, despite their differences, all three have worked with each other and with the Medellin cartel from time to time. Until about mid-1987, the Cali and Medellin cartels worked closely together and, as is typical of the drug cartels, staked out different territories.

Some areas might belong to one cartel or another, so that originally, New York was assigned to the Cali group because of the foothold that its operatives had gained there. Other places, like Miami, might be so important that they were considered "open" territories belonging to no one group. The Cali and Medellin cartels also pooled funds to defend their members and, it is believed, worked with terrorist groups such as the Basque ETA, which shared its expertise on remote-controlled car bombs with the cartels.

The Cali cartel is second only to the Medellin organization in wealth and influence. Since the outbreak of "war" with the Medellin cartel in mid-1987, the Cali cartel has gone its own way. Its relative obscurity vis-a-vis the Medellin cartel has worked to its advantage, since law enforcement agencies have tended to concentrate more on the better known group.

The Cali organization operates out of both Cali and Buenaventura, and it is closely tied to another group in the town of Pereira. Although the Cali group has kept a lower profile than its former collaborators in Medellin, it is equally dynamic. The organization has formed business alliances with the so-called North Atlantic Coast cartel and, within the United States, is moving beyond its traditional bases in Miami, New York, and Los Angeles.

Less is known about the Bogota cartel. It is known that, in one respect, this cartel has evolved in a manner typical of many drug trafficking groups. Originally a conventional smuggling organization that dealt in contraband emeralds and later marijuana, the Bogota group met many of its cocaine customers through American criminals. Among their contacts were Miami and Caribbean associates of the late Meyer Lansky's group. As the cartel moved into cocaine trafficking, its leaders developed access to Colombian political power. At about the same time, they began to buy real estate in the llanos, or plains, of eastern Colombia. In so doing, they gained proximity to their raw material sources and set up the processing plants that mark the intermediate step between cultivation and transportation of the semifinished product.

Compared to the other cartels, the Bogota cartel seems to have bought itself more protection from the police. It is said that this cartel's leadership likes the publicity that the Medellin group receives. In effect, the Bogota cartel, even more than the Cali cartel, can go about its business while the larger group attracts the attention of the authorities.

The North Atlantic Coast cartel is the least cohesive of the four major Colombian drug organizations. Based mainly in the coastal cities of Cartagena, Barranquilla, Santa Marta, and Rio Hacha, this cartel is really a loosely knit set of transient associations that form various short-term arrangements for operating with each other or with the larger cartels. The North Atlantic Coast cartel is less vertically integrated than are the other Colombian cartels. Originally a smuggling operation, the North Atlantic Coast cartel is, in a sense, a service organization for the other cartels, shipping products to the United States and laundering money derived from those transactions.

As with the Bogota cartel, the North Atlantic Coast cartel graduated from marijuana to cocaine trafficking. As U.S. drug interdiction operations against marijuana trafficking operations became more aggressive, the North Atlantic Coast cartel accepted an offer from the Medellin and Bogota cartels. For a set fee, they would smuggle large amounts of cocaine to prearranged points off the U.S. coasts. To oversee smuggling operations, the North Atlantic Coast cartel set up operations at a number of cities, both in the East, in Miami, Jacksonville (FL), Gainesville (FL), Atlanta, New York, and Boston; and in the West, in Los Angeles and San Diego.

It cannot be emphasized too strongly that the positions of the Colombian cartels relative to each other are constantly shifting. Some law enforcement authorities believe that although the Medellin cartel once set the pace for the other Colombian drug organizations, it is no longer as powerful as it once was. Pablo Emilio Escobar-Gaviria and other top leaders must continue to maintain a low profile, due to pressure from U.S. and Colombian Government authorities and to the 1987 arrest and subsequent conviction of Carlos Lehder-Rivas, reputedly the most violent chief of the Medellin cartel. The necessity of keeping this low profile has forced these leaders to turn over many daily operational responsibilities to other individuals.

Cartel Operations and Impact

Certain conditions have to be satisfied for the Colombian cartels to gain and maintain a foothold on the U.S. mainland. In order to serve as a base of operations, a location has to combine several elements. Cartel operatives must be at the hub of a regional transportation network which connects other major points within that region and beyond. It is desirable to have remote airstrips where drugs can be delivered, regional centers near international borders or ports, constant traffic into and out of the region, and a large labor pool willing to participate in distributing--or in many cases, processing--the semifinished product. In the past decade, the Southern and Central Districts of California and the Southern District of Florida have met all of these conditions.

In the early 1980s, Florida was the point at which cocaine trafficking roads converged. Because of its thousands of miles of coastline, hundreds of commercial airports and clandestine airstrips, heavy concentration of international cargo and tourist traffic, the expanding nature of its international banking activities, and its proximity to source countries in South and Central America, Florida became the cocaine capital of the United States. While Miami itself constituted a market for some of these drugs, it was and is primarily a transshipment point to all

Operation Beacon

Mickie Munday and Jim Coley formed the core of the Beacon group. Now in their 40s, they had been friends since high school. They got their start in the smuggling business in 1978. Their method then was unsophisticated. They made direct flights from Colombia in general aviation aircraft loaded, at first, with marijuana and, later, with cocaine. They would land on remote roads and canal banks in South Florida and offload their cargo. In December 1981, Coley and a copilot flew across Cuba too high and too fast. The U.S. Air Force scrambled F4s to intercept what they thought was a possible MiG and encountered Coley. Coley and his copilot dumped their load of cocaine, but were met and questioned by U.S. Customs when they landed. Coley disappeared before charges were brought but Harold Johns, the less cautious copilot, was arrested and convicted. Coley became a fugitive.

By October 1982, Coley and Munday were ready to resume smuggling. They joined with Phil Cardilli and Danny Simms to launch a combined boat/aircraft smuggling venture. Coley headed up air operations. Like other weekend vacationers, on Fridays he would fly a private plane from Boca Raton or Fort Lauderdale to Rum Cay or Long Island in the Bahamas. The plane would transport women passengers, referred to in the organization as "cover girls," and return to the United States with the passengers on Sunday or Monday. The intent was to avoid suspicion by appearing to be engaged in a vacationer's charter or a corporate outing. To this end, Coley and his copilot would wear "uniforms" of dark trousers, white shirt, dark tie, and epaulets.

Instead of spending the weekend in the Bahamas, Coley would fly to Colombia, pick up a load of cocaine, and fly to a group of uninhabited rocks in the Bahamas, named Scrub Cay, where the narcotics were dropped to two boats operated by Cardilli and Simms. Coley would return to Rum Cay or Long Island where he would wipe down the aircraft, wash off the tires, and replace the remaining Colombian aviation gas with Bahamian gas to remove any physical connection between the aircraft and its secret intermediate stop. The aircraft would return to the United States with only the cover girls as cargo.

Cardilli and Simms would proceed from Scrub Cay to Nassau in two very different boats to wait for the organization's amphibian airplane to fly cover for their return into the U.S. They would clear Bahamian Customs and run across the Gulf Stream to Florida on a Sunday afternoon, two among hundreds of boats returning from the weekend. One of the boats was a classic narcotics smuggler's profile, a "go-fast" that was all horsepower. The other boat was an open fisherman 40 feet long, with no cabin to hide in and not enough power to run away. In fact, the open fisherman was built around a hidden drug compartment accessed by a complicated hydraulic system. If Bahamian or American Coast Guard patrols were encountered, the "go-fast" would speed away as if attempting to escape and would draw law enforcement off the real target.

The open fisherman would enter the United States through Haulover Cut in northern Dade County and proceed up the intracoastal waterway to a marina with dry storage in a warehouse structure where it would be unloaded at a quieter time.

Munday's role was to monitor law enforcement. He operated out of a sophisticated radio room in his Miami residence. His monitors were linked to the aircraft, the boats, and to an observation post located in an 11th floor apartment overlooking the ocean, the intracoastal waterway, and Haulover Cut. Here Munday, Coley, or a confederate could watch the Cardilli/Simms boats return under the watchful eye of the amphibian as each million-dollar smuggling venture drew to a successful conclusion.

Munday had a falling-out with Cardilli and Simms. In May 1985, Munday and Coley returned to their original mode, direct smuggling flights to the U.S. Ironically, they had already been introduced, by Cardilli and Simms, to the informant who eventually did them in.

Before they resumed air operations, Munday and Coley flew many missions into the Florida Keys to test the effectiveness and range of the first aerostat radar balloon detection system deployed by law enforcement. Based on their studies, they decided to return from Colombia around the western side of Cuba and to approach Florida from the southwest. The aircraft would head for the Venice airport south of the Sarasota-Tampa metropolitan area in predawn darkness, with lights and transponder off. They would approach the beachfront airport, flying 50 feet above the waves. Once over the runway, they would switch on lights and transponder, gain altitude, and immediately log on with Tampa air traffic control. The system accepted them as an aircraft that had just taken off from Venice, which had no tower to report arrivals or departures. They would fly to their ranch in Lakeland, Florida, and land on the strip there. The cocaine would be loaded in the trunk of a car, and the car would be hooked to a tow truck and towed to the delivery point in Miami. In the event of an encounter with law enforcement, the tow truck operator could plausibly deny knowledge of the contents of the trunk of the car.

Operation Beacon was begun in October 1984 as an OCDETF investigation led by Special Agents of U.S. Customs and the FBI, with cooperation of the DEA and the Florida Joint Task Group. The probe was built around the cooperation of a citizen who had been used by Cardilli and Simms as a source of sophisticated electronics equipment. He had supplied the night vision goggles used by the group to electronically enhance night vision of boat and air crews, and also supplied forward-looking infrared radar (FLIR) of the type used by the military to see darkened targets in the night. Ultimately, this citizen was asked to build a radio beacon (hence the operations's name) that would be activated by immersion and would signal the location of an air-dropped narcotics load. Cardilli and Simms had introduced this person to Munday and Coley. The citizen, now cooperating with authorities, rose in the Munday/Coley ranks and was able to disclose, in advance, major narcotics shipments.

Other than that, Munday hadn't made a mistake. Even now, if alive, he is a wealthy fugitive unlike his lifelong pal, Coley, who is doing 20 years in Federal prison.

It has been estimated that the Beacon group cleared more than $27 million in profits from the 20,000 pounds of cocaine it was charged with smuggling. Real estate valued at $2.4 million was seized along with seven aircraft, 28 vessels, and 13 vehicles. Cash seizures included $106,000 found in Coley's home, $526,000 from the trunk of his Cadillac, and $1.4 million found buried in the ground at the Lakeland Ranch.

Thanks to well-coordinated enforcement efforts, the Beacon group may have reimbursed the taxpayers for its own investigation. The social damage and human suffering inflicted by its products can never be recouped.

areas of the United States. It also remains a banking center through which flow huge amounts of cash derived from illicit drug transactions.

> ***Southern California had all the elements . . . that had made South Florida the major entry point for Colombian drug traffic . . .***

In the mid-1980s, Los Angeles and San Diego began to rival South Florida as centers for distributing cocaine and laundering the proceeds of drug trafficking. As pressure on drug traffic in South Florida grew, the cartels began to shift their transshipment operations to Mexico. From there, drugs could easily be shipped across the border into California, either concealed in cars or trucks or dropped at remote landing strips. Southern California had all the elements--accessibility combined with isolated stretches of country, heavy traffic at the international ports, and major regional financial centers in San Diego and Los Angeles--that had made South Florida the major entry point for Colombian drug traffic several years earlier. The drug business in southern California grew so rapidly that currency surpluses at the Los Angeles Federal Reserve Bank began to rival those at the Federal Reserve's Miami branch.

To see the Colombian drug cartels as merely highly successful criminal enterprises is to view them too narrowly. As the cartels have grown, their influence has spread until it now pervades Colombian society. This influence is partly a function of the size and wealth the cartels have attained. But it goes beyond that. The leaders of some of the cartels, or factions within each cartel, have made a concerted effort to exert pressure on and take control of the country's political and economic infrastructure. To a considerable extent, they have succeeded.

Many law enforcement officials are convinced that no force in Colombian society can stand against the drug cartels. The Medellin, Cali, and other foreign narcotics supply organizations are expanding multinational structures. The size and breadth of their operations make it difficult for any nation to control them unilaterally. Their great wealth is of sufficient magnitude to enable them to corrupt, to coerce, and ultimately, perhaps, to control poor nations. On occasion, these organizations can be investigated in a single judicial district, but successful prosecution requires international cooperation.

One measure of the Colombian cartels' power is their brazenness and their eagerness--up to a point--to display their power and wealth. They have become a state within a state in a country that by one estimate is home to 140 right-wing paramilitary squads and six Marxist guerrilla groups and that has a murder rate two-and-one-half times greater than New York City's. The cartels' wealth is so great that they can buy the tacit or outright support of many police and military officials and intimidate or murder those whom they cannot buy. For example, agents of the Medellin cartel assassinated the Colombian Attorney General when he began investigating why Jorge Luis Ochoa-Vasquez, who had been arrested at a traffic checkpoint, was released. They have also murdered 30 judges and two newspaper editors. In one incident, the M-19 leftist guerrilla organization murdered 11 Colombian Supreme Court justices, possibly at the instigation of the Medellin cartel. The fear that the cartels can instill makes it extremely dangerous for any government to try to extradite the leaders to the United States.

But, it is important to understand that, in many segments of Colombian society, the cartels and their leaders are genuinely popular. Many of the poor see themselves becoming narcotics traffickers, and elements of the middle classes are beginning to accommodate to the reality of the cartels' influence. The wealth of the Medellin cartel, in particular, is so vast that it has reshaped the Colombian economy in ways that have brought short-term benefits to citizens at both ends of the economic spectrum.

It is believed, for example, that the boom generated by the cocaine economy has made it unnecessary for the government to reschedule its foreign debt; Colombia has recently enjoyed one of the highest economic growth rates in Latin America. Cartel figures have financed political campaigns. Moreover, the rise of high-level cartel figures from relative obscurity has a certain populist flavor. For instance, Pablo Escobar, the head of the Medellin cartel, has built 500 houses for Medellin's poor in a neighborhood that he controls absolutely, thus giving the impression that he is a protector of the poor. Yet the impact of drug trafficking on the Colombian poor has been devastating.

Colombia now has one of the highest rates of drug addiction in the world, due, in part, to the widespread use of a toxic cocaine derivative called basuco. Basuco, which is made from low-grade coca paste, is contaminated with kerosene, sulfuric acid, and other poisons. According to a January 9, 1989, article in the Washington Post, the mayor of Bogota claims that basuco "is the most poisonous drug in the world. It hits all levels, high income and low. . . . It costs what . . . 50 cents? Anyone can afford that." Drug traffickers in Colombia, Peru, and Bolivia first distributed basuco as payment to those peasants who mash coca leaves and ended up by flooding Colombia with the product. The best that can be said about the situation is that the traffickers themselves recognize that basuco is not a product for export.

Some Colombian intellectuals have even tried to make a case on behalf of the cartels. In his Impacto del Narcotrafico en Antioquia, Mario Arango, a Medellin lawyer who serves as legal counsel to several leading traffickers, argues that the cartels have inhibited the social and political deterioration of Colombia. In an interview published in the January 8, 1989, Washington Post, Arango contended that narcotics trafficking has led to an egalitarian "social revolution."

According to Arango, "with narcotics, the mestizos, mulattoes and blacks . . . have had the opportunities to enter consumer society and gain substantial wealth. The best vehicles that are driven in the city of Medellin are in the hands of people who have black or dark skins." And he shrewdly observed that "I consider the drug trade to be the support for a country in crisis. This explains the contradictions in the establishment, which on the one hand denounces it and on the other hand lives with it and benefits from it."

The wealth and power of the drug cartels has put an end to any talk of extraditing high-level traffickers to the United States. Given the propensity of cartel leaders to use force without much provocation, any Colombian official who advocates extraditing them is taking a big risk. Besides, elements within the government believe that the cartels are doing useful work in ridding the country of unwanted leftist elements. In that sense, it can be said that the traffickers are doing the dirty work for certain elements of the military--eliminating guerrillas, as well as peasants and trade union activists. Indeed, the cartels can now deliver some of the economic goods that leftist guerrillas can only promise.

The international cocaine trade has political, economic, and social ramifications. For producing countries, coca is not some exotic plant; it is a mild stimulant that peasants in the mountain valleys of Peru and Bolivia have used for hundreds of years to make their condition more bearable. For them, as well as for the Colombian middlemen who buy, process, and ship the product, the effects of cocaine on people thousands of miles away are a matter of indifference.

> ***. . . a farmer could make more money from one hectare of coca in a season than he might otherwise earn in a lifetime.***

The long arm of the cartels has also reached deep into the countryside of Colombia and its neighbors. The drug cartels, according to one recent estimate, now own one-twelfth of Colombia's productive farmland. Peasants have cultivated coca because they could make more money selling it to the traffickers than they could from any other cash crop. According to one source, a farmer could make more money from one hectare of coca in a season than he might otherwise earn in a lifetime. Attempts by the U.S. and Colombian Governments to persuade the peasantry to switch to other cash crops have not been particularly successful, owing to corruption, the intimidation of the peasants by drug traffickers, and the lack of resources to keep crop substitution programs going.

The impact of all this drug money is not restricted to Colombia. For instance, the drug cartels' need for safe havens has led them to buy the cooperation of foreign public officials, who will tolerate the operations of the cartels on their soil and allow them to use their countries for transshipping drugs. From the cartels' viewpoint, countries such as the Bahamas and Panama are ideal transit points. In the case of the Bahamas, not only do many local families have relatives living in South Florida, but the population is scattered on many small islands. It is not difficult for smugglers who know the islands to schedule dropoffs at their convenience, counting on the passive or active complicity of the inhabitants to shield them from the law. In any case, the traffic between the Bahamas and the U.S. mainland is so heavy that traffickers can easily hide themselves in the general flow.

The Bahamian Government is now beginning to prosecute local drug traffickers. U.S. Government agencies are much more in evidence now, as the

IRS's Criminal Investigation Division has authorized a special agent to be posted to the islands, the DEA maintains an active presence, and Customs and Coast Guard personnel are stepping up operations.

Other Caribbean countries have been implicated in the drug trade. In a 1988 indictment, the U.S. Government presented video-taped evidence that the Cuban Government was escorting drug planes to a military installation on the north coast of Cuba, allowing the cocaine to be transferred to waiting boats, and then escorting the boats into international waters, where they headed for the United States. As with the Bahamas, the Turks and Caicos Islands, and Haiti, Cuba has served as a refueling and transshipment point for Colombian smugglers.

In the most notorious case, Panamanian strongman Manuel Antonio Noriega was indicted for accepting payoffs from the Medellin cartel. It has been alleged that Noriega provided services to the cartel that ran from protecting a cocaine laboratory that the cartel was building in Panama, to arranging for the transshipment of intermediate chemicals needed to process cocaine, to permitting the laundering of millions of dollars in Panamanian banks.

In short, the activities of the Colombian cartels have had dramatic, far-reaching effects on everyone in the supply pipeline: from those who harvest and process coca leaves in the Huallaga Valley of Peru to the officials of a dozen nations whose cooperation is necessary for the distribution of the product to the ultimate user. That user may be an inner-city youth, an upper middle-class professional, or, increasingly, a person living in a rural area. However, the reach of the cartels is much wider, extending to the broader economy within which drug traffickers must operate.

Money-Launderers

Strictly speaking, money laundering is not so much an independent activity as the indispensable adjunct to any kind of large-scale drug operation. Drug trafficking organizations do not always launder their own funds, but often depend on outside experts who function as independent contractors and whose activities often predate the existence of drug organizations. Economic conditions in Latin American countries--among them, artificial exchange rates and restrictions on the movement of currency--favored the rise of money laundering operations. When drug traffickers realized the need to conceal their gains, they found organizations able and willing to fulfill this need. This may explain why money laundering is more a process than an organization. Because the major money-launderers act as independent contractors, they have maintained their own identities without becoming adjuncts to the major drug traffickers.

Money laundering encompasses all those activities which are necessary to successfully conceal from the authorities the fruits of illegal activities and the enterprises from which they came.

Money laundering encompasses all those activities which are necessary to successfully conceal from the authorities the fruits of illegal activities and the enterprises from which they came. The Colombian cartels, like other traffickers, need to launder their money, because their operations deal exclusively in cash. The cartels, whose operations are generating billions of dollars, have an especially great need for these services. It is possible that the need is so great that the cartels have found it necessary to attempt to gain clandestine control of banks, through which they could launder large amounts of cash without the knowledge of law enforcement authorities.

Laundering enables drug traffickers to conceal their earnings from law enforcement agencies. It also enables traffickers to reinvest their earnings in new drug supplies and, through investments in legitimate businesses, to merge with the surrounding society.

In an age when hundreds of millions of dollars can be moved electronically, laundering is a much more sophisticated activity than it was a generation ago. But the basic means have not changed. First, drug-generated funds can be moved offshore, either to pay off suppliers or to legitimize the profits of criminal activities. For example, traffickers can deposit their cash in a Panamanian bank, launder the money through various shell corporations, and then return the laundered funds to the United States, where they are then invested. This is what the Government has alleged Ramon Milian-Rodriguez and his organization did in laundering over $1 billion in a seven-year period.

In some of its manifestations, money laundering is just another kind of smuggling. In November 1988, Operation Greenback, in South Florida, infiltrated an organization that was exporting millions of dollars concealed in electrical appliances. Investigators have uncovered many other smuggling methods, including the use of the mails to send money offshore and the movement of large sums of money overseas to pay for imported goods that either did not exist, were not shipped, or were overvalued.

Second, money-launderers have often attempted to do their laundering within the domestic U.S. banking system. Using a loophole in the reporting requirements of the U.S. Bank Secrecy Act, they developed a technique known as "smurfing," in which a number of couriers, or "smurfs," make cash deposits into multiple accounts in sums under the $10,000 reporting limit. These sums are then transferred by wire to a single account. This particular loophole was closed by recent changes in the reporting requirements mandated by the Money Laundering Control Act.

Whatever the means used for domestic laundering of drug trafficking proceeds, once the drug traffickers and their launderers have concealed the origins of their funds they can use the domestic banking system to funnel sums into the usual range of legitimate businesses. Drug traffickers particularly favor enterprises with large cash flows--luxury car dealerships or shopping centers, for example--with which to commingle the money derived from drugs.

The third way to launder money is through the exchange of foreign currency for U.S. dollars. For example, currency controls in many South American countries prohibit their residents from possessing large quantities of U.S. dollars and from taking large quantities of their capital out of the country. Likewise, drug traffickers have large quantities of U.S. dollars in this country that they need to convert into pesos to purchase more product, pay for security, and make the requisite "political contributions" in their native countries. To fill this void, launderers in the South American countries offer to purchase the pesos from businessmen needing U.S. dollars to make purchases in the United States and from individuals trying to move their assets to the United States. After reaching an agreement for pesos vs. dollars, the launderers approach the traffickers in their country and offer to purchase the dollars in the United States and give the traffickers pesos in their native country. After that agreement is reached, the trafficker directs his representatives in the United States to move his dollars into the launderer's U.S. bank accounts. Upon notification that the dollars have been deposited, the launderer releases the pesos to the trafficker. The final transaction occurs in the United States when the launderer releases the agreed-upon quantity of dollars (by check or wire transfer) to the foreign national who originally sold the pesos. Now, the trafficker has pesos in his home country and the businessman has his capital in dollars in the United States--all without any currency physically leaving any of the involved countries. This type of laundering is more difficult to detect than the physical movement of large sums of money out of the United States.

Related to this is the shipment of bullion and gold coins to Mexico, a method that narcotics traffickers like because gold can be shipped, imported, and exported duty free. Traffickers can buy gold from one of the major international brokerage firms in New York, arrange for it to be shipped to Los Angeles, where the dollars-for-gold transaction is completed, and then export the gold to Mexico. As the Federal Government imposes fewer export controls on gold, gold shipments are less likely to be subjected to the same close scrutiny as currency shipments. Thus, the actual value of the gold exported is unknown, even though a value must be stated on the export document filed with the Government.

There is also a fourth way to launder money, and it is the hardest method of all to trace. This is simply to acquire a domestic or international financial institution. By controlling an entire institution, traffickers go far beyond their immediate aim of concealing their earnings. In effect, they take over a part of the local banking system and divert it to their own ends. Indeed, given the extent of money laundering operations, it may be that law enforcement organizations see only the tip of the iceberg. Traffickers are using banks all over the United States--especially in South Florida and southern California--to manipulate correspondent banking relations and overnight deposits, arrange Eurodollar loans, and abuse the so-called "exempt list," those bank customers exempted from cash reporting requirements.

O-How-Cute

O-How-Cute was a toy store in Edison, New Jersey. Its owner, Adi Tal, operated an international money laundering service that handled more than $10 million in less than two years.

Tal and his major partner, Nir Goldeshtein, and their stewardess wives enlisted in their plan a dozen friends, including a flight steward and a Hasidic rabbi. None of the friends had prior criminal records and some were told various inventive stories that may have convinced them, at least at the outset, that the work was legitimate. Nine, including the two principals, the steward, and the rabbi, have now pled guilty to charges under Title 18 or 31 and have been sentenced to terms ranging from four months to two years. The other five are international fugitives. The kingpins, Tal and Goldeshtein, were sentenced on March 23, 1989, to 52 months and 40 months, respectively.

Like any successful service business, the Tal organization lived by its reputation for reliability and was quick to respond from any of its locations: North Jersey, New York City, Los Angeles, or Seattle. In a typical transaction, a beeper-equipped agent would respond to a call and arrange for a pick-up. He would meet a stranger, receive from $10,000 to $500,000, and report to Tal for instructions. The cash would be temporarily stored in kitchens, bedrooms, or safe deposit boxes. Portions would be converted to cashier's checks and money orders in denominations under $10,000, or deposited in personal--usually fraudulent--accounts. Some of the checks, and drafts on the personal accounts, were inserted between the pages of magazines and shipped via air freight forwarders to Panama or Colombia. Others were mailed or delivered between the L.A. and Seattle offices or to Goldeshtein in New Jersey. The network's commission for this kind of work ranged from 3 to 10 percent.

Large amounts of cash would be shifted around in this, a major laundering operation. For example, when Tal had several hundred thousand dollars delivered to Rabbi Sholom Levitin in Seattle, Levitin took a 2 percent fee and deposited the funds in a number of private and business bank accounts, always at less than $10,000 a crack. He next combined the monies into one account, from which he wire-transferred the funds to a private account in Israel. From there, another Tal associate transferred the funds to a business account in Panama City.

The two partners did much of the traveling and many of the transactions personally. They closely supervised the rest. As they studied and tested the regulations on international banking, they became adroit at damage control. When U.S. Currency Transaction Reports were filed on the gang's transactions, the names listed in the reports were almost always fictitious. When counterfeit currency was found in one of their deposits at a bank in West Germany, they soothed the bank and trained their own operators to recognize counterfeits. When checks for $350,000 were stolen in Colombia, employees were instructed by Tal to endorse every check "for deposit only," making them non-negotiable. When, on separate occasions, Tal and then Goldeshtein were interrogated by Israeli and British Customs about their luggage containing more than $400,000 in U.S. currency, they were able to talk their way out of being detained or reported.

At its peak, Tal estimated that his network was moving $70,000 a day. He bragged to an employee that he once picked up $7 million in Los Angeles in one day in response to various beeper calls.

At the outset, the OCDETF team, made up of Special Agents of the IRS, Customs, and DEA, merely inferred the connection between drug smuggling and the use of banks in Panama and Colombia. The presumption became stronger when it was learned that transactions were regularly reported to associates in Cali, Colombia. An even stronger connection was established when sniffer dogs were able to locate currency bearing narcotics residue in each of the partners' residences.

The downfall of this very successful operation, which was under investigation for more than two years, was attributable not to mistakes but to state-of-the-art police work and concerned private citizens. On four separate occasions, packages of uncanceled checks were discovered by alert air freight handlers, who notified enforcement agencies. An investigation was opened that gathered reports of Tal/Goldeshtein activities sufficient to justify Title III phone surveillances on various residences of both partners. From there on, the investigation of this OCDETF case, absent specific drug violations, was brought to a close by successfully prosecuting members of the Tal organization on money laundering charges.

Recently, the Los Angeles Federal Reserve has reported a great increase in its surplus; in 1988, it was nearly $4 billion.

The flooding of entire regions with drug money is one of the most sinister second-order effects of the drug trade, although it is useful in tipping off the authorities as to what is occurring. "Flooding," tracked by the regional Federal Reserve banks, describes this phenomenon precisely. Every year since 1980, the Miami branch of the Federal Reserve Bank of Atlanta has reported cash surpluses in the $5 to $6 billion range. Recently, the Los Angeles Federal Reserve has reported a great increase in its surplus; in 1988, it was nearly $4 billion.

It might be asked why the investment of drug money in legitimate businesses should be cause for concern. Considered very narrowly, the influx of huge amounts of drug-related cash has provided some short-term benefits to Latin American debtor nations. The same might be said for domestic beneficiaries of drug money. However, it cannot be emphasized too strongly that this flood of money is not only a consequence of the drug problem, but a major problem in its own right. Even where the money enters the local economy, the effect is mainly to inflate prices. Even banks that stand to gain from accommodating such customers ultimately bear the costs of any losses that drug-related transactions generate.

La Cosa Nostra and the Sicilian Mafia

Along with the more than two million law-abiding Italian immigrants who came to the United States early in this century was a small group of criminal members of the three major southern Italian secret societies--the Sicilian Mafia, the Neapolitan Camorra, and the Calabrian N'Drangheta. Settling into ghettos where they could speak their native language and maintain their traditions, society members soon formed neighborhood gangs to pursue a variety of criminal activities.

In the early 1930s, following a bloody internecine war, neighborhood gangs coalesced into an organization they called "Cosa Nostra," which literally translated means "Our Thing." La Cosa Nostra (LCN), as it became known, was not a subsidiary or outpost of the Sicilian Mafia, but rather a distinctively American criminal empire that today consists of 25 families, or centers of power, that together contain at least 2,000 members, and several times that many associates. These families, which are largely independent local organizations, comprise a confederation and acknowledge the authority of a commission consisting of the leaders of the most powerful LCN families.

Remarkably similar ruling bureaucracies are found among the families and have existed since LCN's early years. Each family is led by a boss, who is supported by a principal underboss. Consiglieres, counselors, usually with significant contacts outside the family, provide advice and mediate disputes but have no line authority. Soldiers, the lowest level family members, are organized into groups led by caporegimes, or street bosses.

Of 25 identified LCN families, 19 have had individual members who have been found to engage in drug violations.

From the outset, certain families had prohibitions against drug trafficking, as older members believed drugs were a scourge and understood the amount of attention that drug involvement would draw from law enforcement. A ban prohibiting involvement of LCN members in drug trafficking was allegedly ratified by the major LCN figures at the famous Apalachin, New York, conclave on November 14, 1957.

Despite the pact, individual LCN members have historically been involved with importation and high-volume distribution of heroin from Southwest and Southeast Asia. Of 25 identified LCN families, 19 have had individual members who have been found to engage in drug violations.

A recent survey of LCN-related intelligence from the Boston FBI files indicates that in spite of a family rule prohibiting involvement in drug activities, approximately 50 percent of New England LCN members have had some form of involvement in illegal drug trafficking or personal drug abuse. Observance of the rule is a myth and is not enforced by the family hierarchy. Individual members and capos cannot resist the lucrative drug profits. The potential for tremendous wealth, when coupled with the changing LCN membership, has given rise to a new and potentially more violent role for LCN in drug trafficking operations:"

Over the past 25 years, LCN has evolved from ethnic neighborhood gangs with decentralized power, in the hands of middle managers in the prime of life, to an organization of centralized power, held by aging leaders, forming a pyramid-like hierarchy. The upper- and middle-management level of this structure has been devastated by the Government's continuous attack on LCN.

The membership losses caused by this attack have presented LCN with a number of problems. The recent convictions of LCN leaders have left leadership vacancies and, as a result, operational difficulties. Within many families, a number of leaders at the caporegime level and above were simultaneously removed. This forced sudden promotions from lower, less experienced ranks which, in turn, has led to a new breed of soldier who is greedier, who enjoys the high profile eschewed by the older capos, who is more undisciplined and more prone to violence. Because of their youth, the new middle-level leaders do not have the old established lines of communication within the family or with other LCN families. They are more willing to become involved in drug trafficking.

The most obvious drug trafficking partner for LCN is the Sicilian Mafia, which is independently active in the United States. Both groups associate and criminally interact in a number of areas of mutual interest. The Sicilian Mafia is primarily involved in international heroin trafficking and is associated with LCN in several locales, including Buffalo, Boston, New Jersey, Chicago, and Detroit.

Current estimates indicate that LCN and the Sicilian Mafia are responsible for one-third of the total volume of heroin brought into the United States each year. Additionally, it has recently been reported that the Sicilian Mafia and LCN family members are exchanging or bartering heroin for cocaine, with LCN's South American cocaine moving through the United States to Europe and the Sicilian heroin moving from the Middle East through Italy to the United States.

This role as middleman in cocaine distribution has led to the development of ties between individual LCN members and the Medellin cartel. These ad hoc relationships developed on the basis of a common desire to expand both their markets and their product lines. The relationships are generally initiated through introductions by mutual criminal associates. These relationships are rather tentative at first, but once trust has been established, extensive interaction results.

As LCN family members have and will continue to be involved in a broad array of criminal enterprise, it is realistic to expect them to further develop the avenues and methodologies to profit from illicit drug trade. They will not initiate direct confrontation with the Colombian or other major drug cartels. They are not in a position to, nor would they want to go head to head with the Colombians. They are, however, prepared to coexist and cooperate with the Colombian cartels and other drug-specific groups and organizations as they have done for many years with the outlaw motorcycle gangs in the distribution of methamphetamine.

Specifically, LCN maintains working relationships with certain other organized crime groups in order to fulfill its racketeering objectives. The Gambino, Bufalino, and Bonanno families have strong ties to Colombian and Cuban drug cartels in the greater Miami area, providing these families with drugs for distribution in the United States. Individual LCN members work with Asian and Latin American organized crime groups and cartels that manufacture and smuggle narcotics and with ethnic street gangs and outlaw motorcycle gangs involved in high-risk, low-level distribution and street sales.

The changing character of LCN membership and the potential profits to be realized are factors which indicate that LCN's role in drug trafficking will continue to be significant.

> ***Within the last five years, Asian, particularly Chinese, gangs operating on both coasts have become major players in the international drug trafficking scene.***

Asian Organized Crime Groups

Within the last five years, Asian, particularly Chinese, gangs operating on both coasts have become major players in the international drug trafficking scene. As has been the case with some other ethnic groups, Chinese Organized Crime (COC) leaders in this country have used their ties with overseas criminal organizations to assure a regular

Droznek/Rosa Case

During the course of the Droznek/Rosa case, two dozen defendants pled guilty, individually and in small groups, leaving only two to be tried in this four-year-long OCDETF investigation by the FBI, DEA, IRS, BATF, and the Pennsylvania Bureau of Narcotics. Among those entering agreements with the Government were Marvin "Babe" Droznek and Joseph Rosa, both self-confessed soldiers in the LaRocca/Genovese LCN family of western Pennsylvania.

Having confessed to participating in a continuing criminal enterprise, Droznek made consensually recorded phone calls and "wore a wire" while pursuing business as usual--dealing cocaine. This risky activity made Droznek a devastating witness in a case noteworthy for the lack of physical evidence. There were plenty of guns but no cocaine. He eventually testified against Rosa, and most of the other defendants.

The prime target of Droznek's testimony was a friend he never quite trusted, Joe Rosa. When Rosa invited him to bring $200,000 along and join him on a buying trip to Florida, Droznek set up a unique "death insurance" policy. A third party was to hold $20,000 to pay for Rosa's murder if anything happened to Droznek. Fortunately for both, the trip was canceled. When Droznek later told Rosa of his "insurance," Rosa admitted he had indeed considered a rip-off. Droznek lived his adult life in a violent world. He admitted using threats and violence as an enforcer. He owned many guns, including submachine guns, and on occasion would fire one into the ground as a "demonstration."

Close associates of Droznek who met untimely deaths included Robert George and Mark Puzas. George was a hotel operator, drug addict, and cocaine dealer. On a Tuesday, he told Droznek that he was suspicious that a man with whom he had been dealing might be "a dirty cop." The man was, in fact, an undercover county detective. The next day George confronted him with a loaded shotgun. The brave officer slapped the gun away and killed George with one shot from his .357 magnum. Mark Puzas became a confidential informant who was used by county narcotics detectives when they searched Droznek's home for marked cash after Puzas had purchased a kilogram of cocaine from him. A county grand jury recommended his prosecution during its separate investigation of Droznek. Two days after a visit from Droznek, Puzas hanged himself in jail.

Droznek worked his way up through the gambling ranks: first, as a numbers writer, then booking bets, then as a collector and loan shark, and then as a "beard," a layoff man paid a commission to keep big bookmakers from recognizing the real source of a bet. In 1984, having lost a Las Vegas sports informer who had enabled him to make some sure-thing bets, Droznek made his first "coke" deal. In the next three years he and his associates distributed more than 200 kilos of cocaine in the Pittsburgh area.

During early 1985, Droznek was introduced, by a mutual customer, to a drug dealer and vending machine entrepreneur, William Kostrick. This customer had been a part of Kostrick's prior operation, in which Kostrick and Rosa had obtained cocaine in South Florida and utilized couriers to transport the drug to Pennsylvania. The cocaine was cut, stashed, and redistributed to various dealers. In a process that continued throughout the conspiracy, Kostrick and/or Rosa would travel to Florida to purchase quantities of cocaine. Couriers would fly to Miami or Fort Lauderdale and rent cars for transportation back to Pittsburgh and redelivery to Kostrick, Rosa, or Droznek.

Throughout 1985 and 1986, each of the three principals developed separate sources and systems of delivery and each would supply the others according to their needs. Kostrick, for example, developed contacts with a family from western Pennsylvania who had relocated to the West Coast of Florida. This family had developed its own contacts with various Colombian and Cuban suppliers. The family members would transport cocaine in multi-kilogram lots to Kostrick in Pittsburgh. Rosa had developed contacts through his LCN connections. The three partners each maintained various stash houses that concealed both the cocaine and the money generated from the sale thereof. As a sideline, Droznek and Rosa, together with various other members of the conspiracy, also trafficked extensively in automatic and silenced weapons.

Each of the principals generated large amounts of cash during the operation of the enterprise. Droznek purchased a restaurant in Pittsburgh and a comfortable home in the suburbs. He also invested in certificates of deposit and utilized a number of safe deposit boxes to store his cash. Through his gambling and cocaine operations, Droznek established associations with a number of racketeers who owned and operated semi-legitimate businesses. Droznek used these associates to purchase fictitious W-2 wage statements to shelter him from income tax evasion charges. One such business operated as a pollution spill clean-up business. Droznek purchased his W-2 by paying the owner, a compulsive gambler and fraud artist, a 10 percent commission for each check.

Kostrick lived relatively modestly, investing his money in the vending business, possibly stashing some of his profits with family members. Most of the locations where Kostrick's machines were placed were owned by cocaine customers or loanshark victims. Rosa spent large amounts of his income for automobiles, jewelry, and entertainment. He made a number of expensive real estate purchases, which he attempted to conceal through the use of nominees. Rosa also formulated a construction and landscaping business in an attempt to generate a legitimate income in response to an extensive IRS investigation. Much of Rosa's ill-gotten gains, including $175,000 worth of jewelry Rosa had stolen from his own store in an insurance scam, were passed on to the LCN underboss.

The membership of this criminal organization included a number of past and present law enforcement officers. Robert George, a hotel owner and a major dealer for all three of the principals, had been the chief of police of the small township in the northern suburbs of Pittsburgh. George had been fired from that position in the early 1980s as a result of various acts of administrative misconduct. Kostrick and two of his convicted associates had been former North Versailles Borough police officers. Michael Monaco, who provided Droznek with gun permits, had been an Allegheny County Deputy Sheriff prior to his arrest for cocaine trafficking in 1985. Perry Perrino, convicted and sentenced to 10 years' incarceration, had been an Allegheny County Assistant District Attorney during the course of the conspiracy. At Perrino's sentencing, it was alleged that he had accepted both money and cocaine from Droznek while employed as a District Attorney, and that Perrino had discussed with Droznek the status of an informant in an investigation then pending against Droznek. According to Charles Sheehy, the Acting U.S. Attorney, many of the persons contacted during this investigation have abandoned their jobs, careers, or professions as a result of cocaine addiction. Almost without exception, each individual who became involved in heavy cocaine use turned to criminal activity in order to support the habit. The lure of cocaine, and the wealth which can be generated from its sale, was shown to have corrupted numerous public officials entrusted with the responsibility of law enforcement.

supply of whatever they wish to peddle--whether it is Chinese video cassettes, prostitutes, or heroin.

Although Asian organized crime is a relatively new threat, it has much in common with older groups, especially La Cosa Nostra in its formative years. As with LCN, Asian organized crime grew out of much older secret or fraternal societies that degenerated into criminal groups. This was the case with the Triads, now based mostly in Hong Kong, which originated in the 17th century to oppose the Manchu dynasty that governed China. Similarly, the Tongs began in the late 19th century as perfectly legitimate mutual aid societies for immigrants brought to the United States as contract railroad laborers. In the case of the Triads, organizations moved from legitimate purposes into a variety of rackets. By contrast, while most American Tongs serve legitimate business purposes, several are closely tied to organized crime.

But, the resemblances between Chinese criminal organizations such as the Triads and LCN go deeper than their origins as protective and fraternal societies. In both kinds of organization there is the same emphasis on loyalty to the group and retribution against those who reveal secrets to outsiders; the same fragmentation into subgroups controlled by powerful leaders; the same independence of their parent overseas organizations; the same use of extortion and the corruption of public officials to promote their activities; the same exploitation of large populations of non-English-speaking, innocent immigrants; and, finally, the same involvement in a broad mosaic of diverse criminality of which drug trafficking is but one part.

This is not, however, the entire story. Since the mid-1960s, three events have had an incidental, second-order impact on the growth of Asian organized crime: the liberalization of quotas for Asian immigrants in 1965, the ending of the Vietnam conflict, and the agreement between the United Kingdom and the People's Republic of China by which Hong Kong will revert to the latter in 1997, after more than 150 years of colonial rule.

These events wrought profound changes within Asian American society. The first two transformed conservative, insular communities, while the third may lead some of the most dangerous Hong Kong criminals to move their operations to the United States. Finally, the Immigration and Nationality Act of 1965 repealed restrictions on Asian immigration dating from the Chinese Exclusion Act of 1882. Combined with the influx of immigrants from Southeast Asia as the war in Vietnam drew to a close, this legislation dramatically increased the Asian American population. Between 1960 and 1980, the total number of Asian Americans grew from 878,000 to nearly 3.6 million. By 1980, 91 percent of Vietnamese Americans, 66 percent of Filipino Americans, and 63 percent of Chinese Americans--but only 28 percent of Japanese Americans--had been born overseas. By then, Asian Americans had become the largest ethnic group among all immigrants.

The immigration opened up the closed, rather circumscribed, world of the older criminal groups. The new immigrants tended to be young, knew little English and, like some immigrants before them, saw criminal organizations as the quickest road to advancement. In attempts to protect themselves from attacks by American-born Chinese, Chinese immigrant youth formed street gangs. Among the first were the Wah Ching in San Francisco and the Ghost Shadows in New York.

There are two primary classifications of Chinese criminal organizations operating in the United States today: American COC, and Triads and similar groups. Hong Kong serves as the primary base of operations for the Triads. It is estimated that there are as many as 100,000 Triad members belonging to more than 50 Triads in Hong Kong. The major Triads are organized in five major groups, of which the Wo group and 14K are the largest. In Taiwan, the United Bamboo Gang boasts 1,200 members, and the Four Seasons Gang 3,000 members.

Traditionally, Triads have had rigid hierarchical structures. At the apex of the organization is the Triad leader, the Shan Chu. Below the Shan Chu is the Deputy. Below the Deputy and of comparable seniority are the Heung Chu, the ceremonial official, and the Sing Fung, who handles recruiting. They are joined by other senior Triad officials. Below this level are a number of "Red Poles." These are the enforcers and hit-men, and they have direct control of some operational Triad groups. At the same level as the Red Poles are a "White Paper Fan," the general administrative official, and a "Straw Sandal," who handles liaison between and among the Triads and other groups. The ordinary members comprise the remainder of the organization.

Currently, most Triads lack the traditional structure. Most are run by a chairman who is usually a "Red Pole." There is also a central governing committee of six to nine members. A "White Paper Fan," as a member of the central committee, is usually the treasurer. Only a few Triads are active in North America. However, members, either alone or in conjunction with American COC groups, often engage in criminal ventures in the United States. Among the Triads known to have active U.S. connections are the Sun Yee On, 14K, Wo Hop To, Wo On Lok, and Leun Kung Lok.

A much greater threat than that of the Triads is presented by the sophisticated criminal organizations that have evolved from the street gangs. The Wah Ching is the most developed Chinese criminal organization on the West Coast. It has 600 to 700 members, 200 of whom are "hard-core." The Wah Ching has a central leader who is supported by four deputies under his nominal control. Various deputies employ groups of Viet Ching (ethnic Chinese from Vietnam), under the direction of their lieutenants, to serve as enforcers. Typical of all Chinese criminal organizations, the Wah Ching organization is extremely loose-knit and fluid. It is believed that the Wah Ching is affiliated with the Sun Yee On Triad in Hong Kong.

In New York City, the street gangs are affiliated with the Tongs. The Tongs exhibit complex organizational structures. These include co-presidents, executive officers and staff, and a wide assortment of designated administrators and coordinators.

The Flying Dragons Gang is affiliated with the Hip Sing Tong, the Ghost Shadows Gang is attached to the On Leong Tong, and the Tung On Gang and the Tung On Tong are headed by the same person.

The Chinese organized crime activity in Boston is dominated by the Ping On Gang. It is believed that the gang has about 200 active members; however, the current internal functioning and degree of cohesiveness of the Ping On Gang is a matter of conjecture.

Chinese organized crime has expanded from control of Chinese gambling, extortion, pornography, and entertainment to include large-scale international narcotics trafficking. While Chinese criminal organizations do not quite equal the scale of the Colombian cartels, the scope of their operations is impressive nonetheless. Working with Asian nationals, Chinese American criminals are the largest importers of heroin from Southeast Asia, virtually all of it originating in the Golden Triangle formed at the junction of Burma, Thailand, and Laos. The February 1989 seizure in New York's Chinatown of more than 800 pounds of processed heroin reveals the magnitude of this traffic.

Most of the heroin that originates in the Golden Triangle is shipped to the West Coast of the United States via Hong Kong and through such secondary transit points as Singapore, Seoul, Tokyo, and Taipei. The destination is New York, out of which about half the heroin moves to other East Coast cities. Chinese criminal organizations operate mainly as shippers and wholesalers: they buy the raw product, process it, arrange for its transshipment and, finally, turn it over to retailers. From what is known, Chinese traffickers work through other groups, especially LCN, who distribute the product to the ultimate user.

Although the Hong Kong Triads are involved in drug trafficking, their role cannot be categorized easily. Some of the ethnic Chinese who smuggle heroin out of the Golden Triangle, and others who ship it to New York, are not affiliated with the Triads. Other traffickers may be entrepreneurs who work with organized crime groups on specific ventures. In still other cases, drug trafficking is simply a means of transferring assets from Hong Kong to the United States.

To some extent, the magnitude of Chinese drug trafficking is reflected in the amount of money flowing out of Hong Kong to U.S. banks, especially those on the West Coast. However, much of this money simply represents assets that Chinese business people want to transfer to a safe haven when Hong Kong reverts to China. By merely measuring the volume of foreign money entering the United States, one fails to distinguish between legitimate asset transfers and the laundering of drug money. The important point is that there is a huge and growing influx of money from Hong Kong, primarily to banks in San Francisco, Los Angeles, and New York. This provides the wide stream in which the drug money can flow inconspicuously. Some of these funds flow into large American commercial banks, with the rest going into some 100 Chinese owned and operated banks. Most of these are small and cater exclusively to a Chinese American clientele; at some banks, tellers are assigned to service one or two accounts exclusively.

Traffickers in Hong Kong, Taipei, and Singapore can send funds by wire transfer or letters of credit to banks in southern California, knowing that such transfers trigger no reporting requirements. Where such electronic transfers are impracticable, drug dealers have used "smurfs" (discussed in the section on money laundering; see p. 35) to make deposits under the $10,000 reporting limit at several bank branches on the same day. As in other regions, these transfers of drug money lead to huge surpluses at regional Federal Reserve banks. The Los Angeles branch of the San Francisco Federal Reserve Bank has accumulated annual surpluses of as great as $4 billion since the mid-1980s.

Compared to Colombian drug dealers, more Asian dealers invest in real estate than in personal property. Criminal organizations based in Asia are investing heavily in shopping centers, apartment complexes, and office buildings. The result has been to drive up real estate prices, especially in those areas with large Asian American populations. Chinese American criminals, on the other hand, prefer investing in businesses where most transactions are done in cash: nightclubs, restaurants, travel agencies, and jewelry stores. The advantage of owning such businesses is that, besides serving as fronts for criminal activities, they are ideal for commingling legal and illegal funds in a way that avoids detection.

There is much that law enforcement organizations have to learn about Asian organized crime. Only recently have they begun to give the problem the attention it deserves. The lack of agents with the background to infiltrate the Asian criminal organizations means that much about the gang operations remains unclear. What is clear is that the larger gangs--the Wah Ching on the West Coast, several New York gangs dominated by Tongs, and the Boston Ping On Gang--are powerful and sophisticated organizations.

The Jamaican Posses

Jamaican organized crime gangs, known as posses, have only recently emerged as a major drug trafficking force. Generally originating in Kingston, Jamaica, the posses have been active in the United States since about 1984. The approximately 40 posses operating in the United States, Canada, Great Britain, and the Caribbean are conservatively estimated to have 10,000 members, the majority of them convicted felons, illegal aliens, or both. Almost all posses have connections in New York and Miami, which have large Jamaican populations. Informants have revealed the existence and operating locations of specific posses. However, when arrested, a Jamaican criminal is likely to refuse to discuss his posse and will often even deny that such bands exist.

The posses have distinctive operating methods. Beginning as marijuana traffickers, the posses shifted to the transporting and selling of cocaine, particularly crack. Compared to the Colombians, the posses are more vertically integrated, since they are involved as importers, wholesalers, distributors, and even retailers. They normally purchase cocaine from Colombians or Cubans in Jamaica, the Bahamas, southern California, and South Florida, usually in small quantities of 4 or 5 kilos. By excluding the middleman, the posses can substantially raise their profit margins to the point where, for example, one posse controlling 50 crack houses realized $9 million a month.

Once settled in a city, posses quickly develop crack house operations. Despite their location in low-income areas, crack houses are sophisticated operations, from the barred or blackened windows, to the doors barricaded with two-by-fours, to the lookouts using walkie-talkies to warn of police raids. Because crack house residents move often, police find it difficult to keep track of their activities.

The posses do not restrict their operations to crack houses. Sometimes temporary quarters will do. In Columbus, OH, Frederick, MD, and Wilmington, NC, posse members set up retail distribution networks in economy motels (usually located near interstate highways), possibly as an attempt at a kind of rough market analysis. Where the market proved lucrative, the Jamaicans started to lease rental properties in the same area.

There are indications that Jamaican organized crime is developing working relationships with West Coast street gangs, traditional organized crime, and Colombian narcotics cartels. At this time, the exact nature of the relationships between the posses and the West Coast street gangs remains unclear. It is known that Jamaican drug dealers are operating in "the Jungle," a small area in Southwest Los Angeles known for drug activity and drug-related violence, and that the Los Angeles gangs known as the Crips have moved into crack distribution markets in Kansas City, Cleveland, and Dallas, where Jamaican criminal organizations also operate. It is also known that Jamaican criminals have had longstanding relations with Colombians, with the former buying cocaine directly from the latter.

> ***Jamaican criminals have not hesitated to issue contracts on the lives of police and Federal agents . . .***

Of the posses so far identified, the largest and most violent are the Spangler and Shower posses. According to BATF figures, drug wars between the Spanglers and rival gangs have led to between 350 and 525 murders during the last five years, and the posses as a whole have accounted for at least 1,400 murders in the United States since 1985. In general, these and other posses have demonstrated a willingness to turn to violence and torture at the slightest provocation, to a degree which is unusual even among drug traffickers. Victims in some homicides were apparently shot in the ankles, knees, and hips before being shot in the head. It also appears that other victims were subjected to scalding hot water, before being murdered and dismembered.

The willingness of posse members to resist arrest and to engage police in shootouts makes them even more dangerous. Jamaican criminals have not hesitated to issue contracts on the lives of police and Federal agents who they feel are disrupting their business, even to the point of offering a $25,000 "award" in Virginia to anyone who killed a police officer. Jamaican criminals have attempted to entrap police by identifying their telephone and beeper numbers and then luring them to staged shootouts.

From the time they enter the United States illegally to the time when they launder their drug profits, members of Jamaican organized crime are adept at throwing law enforcement officials off their track. This can involve anything from substituting photos or names on valid passports to forging Social Security cards, birth certificates, and INS green cards. In the course of breaking up a fraudulent document ring in Kingston, Jamaican police discovered electronic typewriters with typefaces similar to those used by the Jamaican and U.S. Governments, as well as a variety of forged documents for each of the localities that the criminals wished to penetrate. In another case, an investigation in Pennsylvania exposed a veteran of the State Police who had been selling blank driver's license applications to members of the Shower posse, who then entered any name or date of birth that they wished.

Jamaican posses often do their own money laundering. They have used Western Union for wire transfers of money, purchased legitimate businesses (restaurants, auto repair shops, record stores) as fronts, and bought real estate for quick resale. In one such case, investigators found that a doctor at the University of Mississippi Medical Center had conspired with a Jamaican dentist to launder money through a Panamanian front company that made fake loans to the Jamaican.

Recent investigations show that Jamaican criminal groups are establishing new entry routes for drug shipments. These are in addition to Miami, the traditional entry point. It appears, for example, that members of Jamaican criminal groups have been entering the United States by wading across the Rio Grande into Texas and that these groups may be linked to Colombian drug suppliers arrested in the Houston area. In another instance, 15 Haitian and Jamaican aliens arranged to be smuggled from Belize to Juarez, Mexico, from which point they entered the United States. A Jamaican drug trafficker then tried, unsuccessfully, to place them aboard a Continental Airlines flight from El Paso to Houston, from where they would have proceeded to the New York metropolitan area.

Although Jamaican organized crime is concentrated in metropolitan areas, it is starting to move outward. The experience of the Northern District of West Virginia is a case in point. After Jamaicans arrived in the Martinsburg area in the early 1980s as migrant workers to pick fruit at harvest time, many stayed on to peddle cocaine and crack. After a 1986 Task Force raid, which included local police participation, closed down the Martinsburg operation, much of the street action moved to Charles Town, 16 miles away. In the spring of 1988, Federal, State, and local enforcement officers conducted a raid and a series of arrests of suspected street-level crack dealers in Charles Town. What they found was a well-run operation. Dealers were selling cocaine in gram quantities at the street level, with the crack running at a purity level of 90 percent or better. These dealers received their supplies from couriers shuttling between Jamaican gangs in Miami, New York, and Washington, D.C.

The posses' mobility, large networks of distributors and couriers, and use of aliases compel enforcement agents to use innovative investigative techniques. Among these techniques are the review of Western Union wire transfers, telephone toll analyses, and the tracing of firearms recovered from Jamaican criminals. An increasingly useful information source is the Federal Bureau of Prisons. The Bureau has computerized listings of information on the approximately 800 Jamaican criminals who have passed through the Federal prison system, about a quarter of whom are still in custody. The violent nature of Jamaican posses and the threat they pose to security have led the Bureau of Prisons to attempt to discover links between Jamaican inmates and specific posses.

A treaty ratified by the Jamaican Parliament in December 1987 broadened the category of those wanted in the United States and apprehended in Jamaica who could be returned to the United States. Under the terms of the treaty, Jamaica must extradite fugitives wanted in the United States for any offense that would be a crime in Jamaica. The treaty also covers fugitives wanted in the United States for conspiring to traffic in narcotics, a charge that was not extraditable before the treaty was ratified. The new treaty and the legislation that implements it also permit the extradition of offenders wanted in the United States for the unlawful possession or use of firearms, another crime not formerly covered.

Outlaw Motorcycle Gangs

Although some precursor organizations have been traced to California immediately after World War II, the first major gang, the Hell's Angels, was founded in 1950 in Fontana, California. Other gangs were organized during the 1950s and 1960s. This was the formative period, as larger gangs absorbed smaller ones, new chapters sprang up far from "mother chapters," and alliances between different gangs developed. It was not until the early 1970s that the gangs began to change in significant ways, evolving from loosely coordinated groups into sophisticated criminal organizations involved in drugs, bombings, contract killings, and prostitution.

Although there are at least 500 outlaw motorcycle gangs in the United States, four are especially important: the Hell's Angels, the Outlaws, the Pagans, and the Bandidos.

Despite their freewheeling styles, the larger motorcycle gangs are highly structured, well-disciplined organizations. In fact, BATF investigations have shown surprising similarities in the structures of La Cosa Nostra and some motorcycle gangs: the national officers corresponding to the LCN Commission; chapter presidents corresponding to the bosses; vice presidents (underbosses); road captains and sergeants at arms (caporegimas); members (soldiers); and legitimate businesses that function either as fronts or to launder money. In some parts of the United States, the bikers and LCN work together, with the former controlling the distribution of methamphetamine through LCN outlets.

The gangs' illegal activities run the gamut from prostitution and burglary to rape, assault, and murder. The gangs are involved in illegal banking activities, including loansharking and financing drug deals.

> ***. . . the Hell's Angels' drug trafficking . . . expanded to large-scale trafficking in cocaine, PCP, marijuana, and methamphetamine.***

The four national motorcycle gangs have long records in drug trafficking. According to FBI investigators, the Hell's Angels' drug trafficking, which began in the mid-1960s with local distribution of LSD within the San Francisco area, expanded to large-scale trafficking in cocaine, PCP, marijuana, and methamphetamine. By the early 1970s, the Angels moved into the clandestine manufacture of methamphetamine, and it appears that they still have significant control over these operations.

Each gang specializes. For instance, the Bandidos are heavily involved in manufacturing, distributing, and selling methamphetamine, while the Pagans dominate the PCP and methamphetamine trade in the Northeast. Through their Florida chapters, which may be involved with Cuban and Colombian suppliers, the Outlaws are engaged in cocaine trafficking as well as trafficking in "Valium" manufactured in Canadian laboratories and distributed in the United States from Chicago.

As befits sophisticated criminal organizations, outlaw motorcycle gangs use various sophisticated techniques to conceal and protect their operations. For example, the Bandidos and the Outlaws have been found to carry pocket tape recorders that members can activate when confronted by the police; the aim is to bait police officers into making compromising statements that gang members can use when they are tried. The major gangs have also begun to exchange computerized intelligence on law enforcement officers and their informants and have planted associates in courthouses, prisons, and police departments.

For all this, Federal, State, and local enforcement agencies are beginning to move successfully against outlaw motorcycle gangs. They are, for example, making effective use of those members who for one reason or another fear that their days are numbered. Such members will occasionally turn to law enforcement for protection in return for informing on their gang's illegal activities. Also, as the gangs have become businesses, rivalries within the organizations have replaced the old-time camaraderie. Law enforcement agencies have exploited these rivalries to learn more about the operations of the gangs, with a view to breaking them up.

California Street Gangs

California is home to particularly menacing drug trafficking organizations, the street gangs. Originating in the Los Angeles area around 1969 or 1970, such street gangs as the Crips and Bloods have gone from neighborhood violence to large-scale drug trafficking in different regions of the United States. Although there are many different gangs in the Los Angeles area, the Crips and the Bloods are the two major gang organizations today. The gangs themselves have a complex structure, with hundreds of smaller gangs known as "sets" within each of the two major groups. In Los Angeles County, for example, there are said to be about 190 Crips sets and some 65 Bloods sets. The sets are generally based in particular neighborhoods and take their names from local streets, such as "Five-Deuce Hoover Crips" (52nd and Hoover Streets) or "110 Main Street Gangster Crips" (110th and Main Streets) or they are of unknown derivation--"Rollin 60 Crips," "Blood Stone Villains," and "Neighborhood Bloods."

> ***. . . the most violent and active members are those between 14 and 18, many of them "wantabees" who want to prove themselves in order to be accepted by other gang members . . .***

Within each set, there is a further subdivision: (1) original gangsters; (2) gangsters, the younger hard-core members, whose ages range from 16 to 22; and (3) baby gangsters, who are between 9 and 15 (in some gangs there are "tiny" gangsters, who are even younger). To some extent, these categories correspond to hard-core, associate, and peripheral members--those on the outside of the gang. While some members are in their late 20s and early 30s, the most violent and active members are those between 14 and 18, many of them "wantabees" who want to prove themselves in order to be accepted by other gang members, precisely the ones most useful as soldiers in gang activities.

Law enforcement agencies believe that the approximately 250 sets that are part of the Crips and the Bloods have an estimated 25,000 gang members. If one adds in the other known gangs in Los Angeles County, there may be as many as 700 gangs with 75,000 to 80,000 members. In the mainly black areas of Compton, Inglewood, and Long Beach, just south of Los Angeles, more than 10,000 gang members are involved in drug trafficking, especially in crack cocaine.

As the gangs grew, friction among them increased, to the point where many gang members went "from fists to Uzis." The gangs direct their violence at each other, the police, and any member of the public who stands in the way of their operations. What makes this violence so frightening is the amount of firepower at the gangs' disposal. Whereas the gangs once had to make do with zip guns, small-caliber revolvers, and sawed-off shotguns, they now have the wherewithal to acquire semi-automatic rifles and large-caliber handguns. In parts of Los Angeles, the weapon of choice is the AK-47 with a multiple-round clip. With so much firepower, gang-related homicides in the Los Angeles area have risen steadily.

Both Crips and Bloods are heavily involved in PCP and cocaine trafficking. Many street gang members have set up organizations to find the chemicals they need for production and secluded areas where the manufacture of PCP will go undetected.

The manufacture and distribution of crack cocaine in the Los Angeles area has expanded tremendously. Known as "rock" cocaine because of its size and shape, it is increasingly the drug of choice for the majority of users in the area. The usual arrangement is for an Old Gangster (O.G.), or former gang member, to establish relations with Colombian or Mexican suppliers of powder cocaine. The O.G. is at the head of the local distribution network and receives the cocaine either on consignment or with an up-front payment. First, he turns over multi-kilogram quantities of cocaine hydrochloride for processing into crack, or rock cocaine. The supplier then gives small multi-ounce quantities of the final product to street distributors, who conceal it in convenient locations from which they can quickly replenish their stock as it is sold to the end user.

Sellers use a number of techniques for distributing crack. They may employ "spotters" to direct customers to where the distributor is waiting or they may sell directly to car drivers. Another approach is to make the sale from heavily fortified "rock houses" to which the customer has only limited access. The customer may have to wait outside until the transaction is completed, with the seller out of sight, or may be admitted only as far as a caged area at the front of the house. However, crack distributors are moving away from rock houses to highly mobile street sales and sales from motel rooms. In the latter case, dealers will usually pay in cash, rent multiple rooms, and use pagers and cellular phones to contact distributors and purchasers of the crack.

The Los Angeles gangs are radiating out from the areas where they originated--up the West Coast as far as Seattle and Vancouver, into the heartland as far as Denver, Kansas City, and Chicago, and even to cities on the East Coast. Police in all these cities report that Los Angeles gangs are establishing branch operations to sell crack, sometimes in competition with other gangs who consider these cities to be their territory. This is the case, for instance, with the Samoan gangs in the San Francisco Bay area. In Baltimore, local law enforcement agencies have identified a trend, as Los Angeles gangs send cocaine HCL by way of their own gang members, "wantabees," or local drug dealers looking for a purer or cheaper supply. Following the arrest of two Crips in Maryland and the Eastern District of Virginia, authorities began an OCDETF Program project to determine the extent of infiltration of the area by Los Angeles street gangs.

The nature of these street gangs makes investigation difficult. The lack of audit trails, the high mobility of many drug dealers, and the relative absence of a formal organization have hindered investigators from infiltrating the gangs. As law enforcement agencies begin to understand the gangs better, they are learning to spot their weaknesses. For instance, many gang leaders outside the Los Angeles area will often return to Los Angeles for long periods, leaving their organizations more or less to fend for themselves. Additionally, when Los Angeles gangs try to move into new territory, law enforcement officials can sometimes count on information from local dealers who resent being cut out of their own territories. Experience has led agencies to develop strategies for dealing with the gangs, such as using Federal drug statutes, which tend to be more stringent than those of most States, to prosecute drug traffickers. Profiles of gang members dealing in drugs are also being developed in an effort to build up case files of the gangs themselves.

Other Domestic Trafficking Organizations

A significant category of domestic drug traffickers is that of the urban trafficking organizations. These organizations can be highly structured and composed of extremely violent career criminals. Quite often, they are long-established entities with a core membership that changes as "youngsters" age and as older members are convicted or killed. Quite often, the older, incarcerated "godfathers" remain actively involved even during their confinement.

These urban distribution networks exist throughout the country, and their activities have been particularly well documented in such places as Chicago, Detroit, St. Louis, and East St. Louis, Illinois. The kingpins generally supervise their major distributors as well as enforcers who are heavily armed with automatic weapons and explosives. These organizations commonly seek to monopolize the narcotics distribution in these urban areas and routinely murder rival drug traffickers. The violence is also directed at witnesses in drug prosecutions. Recent information also indicates an increasing threat to law enforcement officers and prosecutors.

The drug sources are quite often Mexican and South American nationals. Females are traditionally used as couriers from the source city to the ultimate destination. Due to transportation costs and the lesser availability of cocaine and heroin in these end-user cities, the profit margins are extraordinarily high. A kilogram of cocaine which can be purchased in a source city for $12,000 to $15,000 can be resold for $30,000. Because profit is astronomical, control of the industry is a dominant goal of these organizations, ergo, the violence to independent, rival dealers.

Oftentimes, because of their longstanding ties to the urban center in which they live, members of these drug organizations have contacts in local law enforcement and government and are able to obtain information concerning law enforcement investigations. Their ability to obtain this type of information decreases their vulnerability. Family ties also lead to spin-off distribution networks in other cities.

There are many small-scale domestic traffickers who lack the organizational trappings of the groups described so far. As different as young urban professionals and rural and small town Southerners may be, both will sometimes turn to selling drugs, either as a sideline or as a full-time occupation.

In some cases, drug trafficking is simply a variation on an activity that an individual may have been doing for a long time. In parts of the Southeast, rural people who once produced moonshine have found marijuana and cocaine even more profitable. The isolation of many rural areas makes them ideal for drug "drops," as well as the kind of marijuana cultivation that has invaded many national forests. Many of these individuals have diversified from moving small quantities of cocaine to assisting in the operation of clandestine laboratories.

So-called "yuppies" start from a different kind of experience. Many of those who went through college and graduate school experimented with some drugs, and a few of them never gave them up. As stockbrokers, lawyers, and professionals in the fast lane, some professionals find they need an occasional snort of cocaine to keep them going full speed. From there, it is possible to become a full-time trafficker, especially if one has access to essential chemicals or legal, controlled drugs that can be diverted. Such professionals may very well provide drugs for other professionals--it is, after all, a grave mistake to assume that all drug users come from the ranks of the inner-city poor. Drugs may wreck a user's health and personality. But there are enough middle-class users to suggest that this need not be the inevitable result of taking drugs.

The different lifestyles of rural, blue collar workers and urban professionals carry over into the ways they operate. The most obvious difference is that the former usually work through longstanding organizations consisting of blood relations, while the latter prefer a more collegial approach. Rural traffickers tend to be more like organized criminal groups than the yuppies, who are not career criminals. Instead of a hierarchical, top-down approach, yuppies will usually sponsor short-lived joint ventures with their friends and business colleagues. To that extent, the rural organizations seem to have more staying power. They work mainly with close associates, each of whom knows his or her place in the hierarchy. Rural traffickers are also more adaptable. Despite the stereotypes, they do not all work out of the backwoods. Some have moved to nearby cities and are building up organizations that are comparable in some ways to groups discussed above.

Conclusion

Today's drug trafficking organizations cannot be characterized by any one organizational or operational model. Rather, they must be seen as sharing certain characteristics which are related to the nature of their unifying purpose: the production, distribution, and sale of illicit drugs.

The larger organizations, which have national or international scopes of operation, have developed sophisticated mechanisms for protecting their leaders, laundering their profits, assuring the availability of alternate supply lines, and developing protected networks of outlets for their products. Smaller, often newer, drug trafficking organizations are sometimes less sophisticated but are engaged in the same patterns of development.

Among the most violent and sophisticated criminal drug cartels operating in the United States are those with a seemingly impregnable base in Colombia. These cartels are vertically integrated organizations engaged in the production, processing, smuggling, distribution, and sale of cocaine and other dangerous drugs in the United States.

Buddies

Alan Greenwald began life as the privileged youngest son of a prominent Hagerstown, Maryland, family. But, by age 29, he had become the fugitive former ring leader of the State's largest and longest-standing cocaine smuggling ring. Having had casual customer contact with local drug dealers, young Greenwald and his hometown buddy, Marshall Jones, a physician's son, reached the fateful decision that made them rich but notorious: to become narcotics kingpins. The two moved to Miami, and on Collins Avenue quickly found a major Colombian supplier, Jorge Torres. With Torres' help, they proceeded to supply Maryland with an estimated hundred million dollars worth of dope over a period of 10 years.

Of course, there were glitches. First, an effort to sell 700 pounds of marijuana in Florida failed. The customers were State drug agents. The buddies were to be locked up for a year, but Jones found a great work-release program, Silver Touch Talent Consultants, which put him right to work--dealing drugs. During their "imprisonment," a boat they had hired to move marijuana from Jamaica strayed into Cuban waters, its cargo was confiscated and its three-man crew was imprisoned, requiring congressional intervention to get them freed. By the time of their release, the two buddies had acquired a staff: Steven Silver (of Silver Touch), who served as a money-launderer, and the other two Jones brothers, Nathan and Frank, who, along with one Carl Martin, handled the Hagerstown end of things and also worked as couriers.

On his first trip on AMTRAK, young Frank Jones chickened out and threw two kilos of cocaine off the train in Georgia. Both the Maryland and Florida ends of the conspiracy rushed to Savannah and walked the tracks for a few days, but to no avail. The package was never found. Other Greenwald/Jones couriers were arrested with cocaine from time to time, Dale Blevins at O'Hare Airport and Charles "Billy" Hoffman in Florida, but the organization bought them good defenses. Blevins was acquitted based on an illegal luggage search; Hoffman served a few months. More recently, Jeffrey Sollenberg, a Maryland friend who Greenwald asked to store money in a basement safe, informed Washington County, Maryland detectives, resulting in invaluable evidence against the partners.

Notwithstanding these setbacks, the enterprise was profitable for almost 10 years and, although a full accounting can never be made, some evidence of its level of cash flow is provided by the following:

- Marshall Jones received $200,000 from Silver during his prison stay and a known $200,000 to $250,000 from Maryland dealers. He later invested $325,000 in Silver Touch and when arrested was relieved of $136,000 and his $61,000 Maserati.

- Silver is known to have purchased $1.8 million worth of cashier's checks.

- More than $100,000 passed through Sollenberg's safe, including $18,000 seized by the arresting officers.

- In 1986, Guy Varron, a Hagerstown distributor, stored $100,000 for Greenwald and Jones.

- By 1987, Federal authorities had seized $1.9 million of the ring's assets, including Silver's Miami recording studio, several houses, a racing boat, three luxury cars, and $135,000 in cash.

- Federal prosecutors confidently estimated that more than 1,600 pounds of cocaine flowed through just the avenues *known* to be controlled by Greenwald and Jones at *purchase* prices from $12,000 to $25,000 per pound.

Early on, Jones became the marketing expert, building teams of distributors in Virginia and West Virginia as well as Maryland that would sell all the drugs Greenwald could buy. Raymond Carnahan was his distributor in Alexandria, Virginia. An OCDETF team there, composed of IRS and DEA agents, made undercover purchases from Carnahan and eventually arrested him with a pound of cocaine.

At about the same time, "Billy" Hoffman again was arrested, this time by narcotics detectives in Florida, with a kilo of cocaine and a one-way ticket to Baltimore. After five more months in jail, Hoffman pled to a reduced charge and began to cooperate with authorities. An Assistant State's Attorney in Hagerstown made the connection between Hoffman and Greenwald, and through Hoffmen's information, a Washington County, Maryland, grand jury returned an indictment against Greenwald. The case, and the county prosecutor, moved to Maryland's U.S. Attorney's office as the evidence grew. Washington County and Maryland State police investigators worked alongside the DEA, IRS, BATF, and others to expose the organization's tentacles. The long series of investigations that retrospectively uncovered the Greenwald, Jones, and Silver partnership provide a fine example of coordinated enforcement effort by local, State, and Federal agencies.

To date, more than 125 persons having criminal culpability have been identified in the investigation, and more than 40 have been convicted in Maryland, Virginia, and Florida. Several million dollars worth of drugs have been seized in the three states. Silver and Martin got 35 years each; Torres, the supplier, 25. Nate Jones was sentenced to 10 years, and his younger brother, Frank, of AMTRAK fame, awaits sentencing.

Greenwald was the first to fall and Marshall Jones the last. Faced with indictments in Hagerstown, Greenwald made arrangements to surrender but, instead, disappeared. He left behind several thousand dollars, his Mercedes, and his eight-months pregnant wife, Deborah (who was later convicted on State drug charges). In December 1988 he was indicted in Baltimore for operating a continuing criminal enterprise. Marshall Jones decided to cooperate with Federal prosecutors and has continued to do so throughout the many trials. Nonetheless, in January 1989, he was sentenced to 18 years in Federal prison, forever closing Maryland's biggest narcobusiness.

La Cosa Nostra has streamlined its operations to adapt itself to the changing drug trafficking environment. LCN has entered into distribution and marketing arrangements with the Sicilian Mafia and with newer groups such as the Colombian cartels. On both coasts, Asian organized crime groups have become major players in the American drug trafficking scene. These groups have ties to established organizations in Asia, and their growth has been facilitated by the increase in Asian immigration into the United States. Economic and political pressures are leading many Hong Kong drug operations to funnel money and resources into the United States in an attempt to provide an alternative base to Hong Kong, in the light of that colony's uncertain future.

Overlaying the drive toward increased organizational and operational sophistication is an equally omnipresent tendency to use force and intimidation to achieve objectives.

Newer and even more violent groups operating under the rubric "Jamaican posses" have established a firm foothold in the United States and are expanding their operations. They specialize in cocaine, especially crack, the distribution of which is the focus of turf wars between Jamaican groups and between Jamaicans and other established trafficking organizations.

Outlaw motorcycle groups have evolved into nationwide distribution and retail sales organizations whose activities also include the processing and manufacture of such dangerous drugs as methamphetamine. These groups are "motorcycle gangs" in origin but have become business organizations with sophisticated internal hierarchies and networks of distribution.

California street gangs have grown to become more structured and are expanding from their historic geographic base to deal in a variety of new locations across the nation.

Smaller domestically based organizations ranging from informal urban networks, to upscale former college associates, to rural family-based organizations descended from moonshiners are bringing organized drug trafficking to segments of our society which have hitherto been relatively isolated from the drug trafficking scene.

These developments, among many diverse drug trafficking organizations, create a disturbing pattern. These organizations are broadening and deepening their penetration of U.S. society. At each level of activity there is evidence of more sophisticated organizational structures; more sophisticated use of technology; more sophisticated development of methods for protection of the leaders of the organizations; and, in many cases, more violent confrontations between competing groups.

Smaller domestically based organizations . . . are bringing organized drug trafficking to segments of our society which have hitherto been relatively isolated from the drug trafficking scene.

The following sections describe the OCDETF Program's response to these developments and document the successes of the law enforcement techniques which have been developed and employed to meet the threat of organized drug trafficking in the United States.

Exhibit 2-1
Worldwide Production: 1985-1988

Drug/ Country	1985 Metric Tons	1986 Metric Tons	1987 Metric Tons	1988 Metric Tons
Opium				
Afghanistan	400-500	400-500	400-800	700-800
Iran	200-400	200-400	200-400	200-400
Pakistan	40-70	140-160	190-220	190-220
Total SW Asia	640-970	740-1,060	790-1,420	1,090-1,420
Burma	490	770-1100	925-1,230	1,065-1,500
Laos	100	100-290	150-300	210-300
Thailand	35	20-25	20-45	23-33
Total SE Asia	625	820-1,415	1,095-1,575	1,298-1,833
Mexico	25-45	35-50	45-55	45-55
Total Opium	1,290-1,640	1,595-2,525	1,930-3,050	2,433-3,308
Coca				
Bolivia	42,000-53,200	44,000-52,920	46,000-67,000	57,445-78,355
Colombia	12,400	12,000-13,600	18,000-23,000	19,000-24,200
Peru	95,200	95,000-120,000	98,000-121,000	97,000-124,000
Ecuador	1,900	1,000	400	300-500
Total Coca	151,500-162,700	152,000-187,520	162,400-211,400	173,745-227,055
Marijuana				
Mexico	3,000-4,000	4,000-6,000	5,970-7,130	5,655
Colombia	2,000-4,000	2,530-3,630	3,435-7,760	5,927-9,625
Jamaica	625-1,280	1,485-2,025	325-535	340-470
Belize	645	550	200	120
Others	800-1,000	800-1,000	1,000-2,000	3,000-4,000
Total Marijuana	7,070-10,925	9,365-13,205	10,930-17,625	15,042-19,870
Hashish				
Lebanon	720	720	600	700
Pakistan	200	200	200	200
Afghanistan	200-400	200-400	200-400	200-400
Morocco	30-60	30-60	60	85
Total Hashish	1,150-1,380	1,150-1,380	1,060-1,260	1,185-1,385

Source: INCSR, U.S. Department of State.

Exhibit 2-2
Estimated Price of Cocaine
CY 1985 - CY 1988

	1985 ($)	1986 ($)	1987 ($)	1988 ($)
Price for Kilogram Quantity				
National Range	28,000-50,000	15,000-45,000	10,000-40,000	11,000-34,000
Miami	28,000-37,000	15,000-25,000	12,000-15,000	13,000-20,000
New York	34,000-40,000	18,000-28,000	15,000-30,000	16,000-23,000
Chicago	40,000-45,000	30,000-45,000	20,000-40,000	17,000-24,000
Los Angeles	35,000-40,000	25,000-35,000	10,000-18,000	11,000-16,000
Price for Ounce Quantity				
National Range	1,200-2,300	800-2,300	800-2,100	500-2,000
Miami	1,200-1,600	800-1,200	800-1,200	800-1,200
New York	1,400-2,000	1,200-1,800	800-1,600	600-1,000
Chicago	1,600-2,300	1,500-2,000	1,100-1,800	750-1,400
Los Angeles	1,500-2,000	1,500-2,200	600-1,000	500-800
Price for Gram Quantity				
National Range	50-100	50-120	50-120	50-120
Miami	50-70	50-60	50-60	55-85
New York	75-100	70-100	80-100	50-90
Chicago	100	100	100	75-100
Los Angeles	100	100	100	50-100

Source: DEA, Offender-Based Transaction System.

Exhibit 2-3
Estimated Price of Heroin
CY 1985 - CY 1988

	1985	1986	1987	1988
Price for Kilogram Quantity				
Southwest Asian ($)	100,000-220,000	90,000-200,000	100,000-220,000	70,000-200,000
Southeast Asian* ($)	90,000-200,000	100,000-200,000	100,000-220,000	100,000-210,000
Mexican ($)	100,000-230,000	100,000-180,000	100,000-200,000	100,000-200,000
Price for Ounce Quantity				
Heroin ($)	3,500-10,000	3,500-10,000	3,200-10,000	2,200-12,000
Purity (%)	40%-80%	10%-70%	30%-80%	20%-80%
Price for Gram Quantity				
Heroin** ($)	160-370	160-530	135-360	120-470

* Price can be as low as $70,000 to $90,000 when sold Oriental to Oriental.

** Street gram quantity includes diluents; average price for all types.

Source: DEA, Offender-Based Transaction System.

Exhibit 2-4
Estimated Price of Marijuana
CY 1985 - CY 1988

	1985	1986	1987	1988
Commercial Grade				
Pound ($)	300-600	350-700	350-1,450	350-1,800
Ounce ($)	50-100	45-120	60-130	30-250
Potency (THC) (%)	3.70	3.34	3.46	3.63
Sinsemilla				
Pound ($)	1,200-2,000	800-2,000	1,400-2,100	800-3,000
Ounce ($)	120-200	100-200	160-210	120-300
Potency (THC)(%)	7.28	8.44	7.97	8.43

Source: DEA, Offender-Based Transaction System.

Exhibit 2-5
Estimated Price of Other Dangerous Drugs
CY 1985 - CY 1988

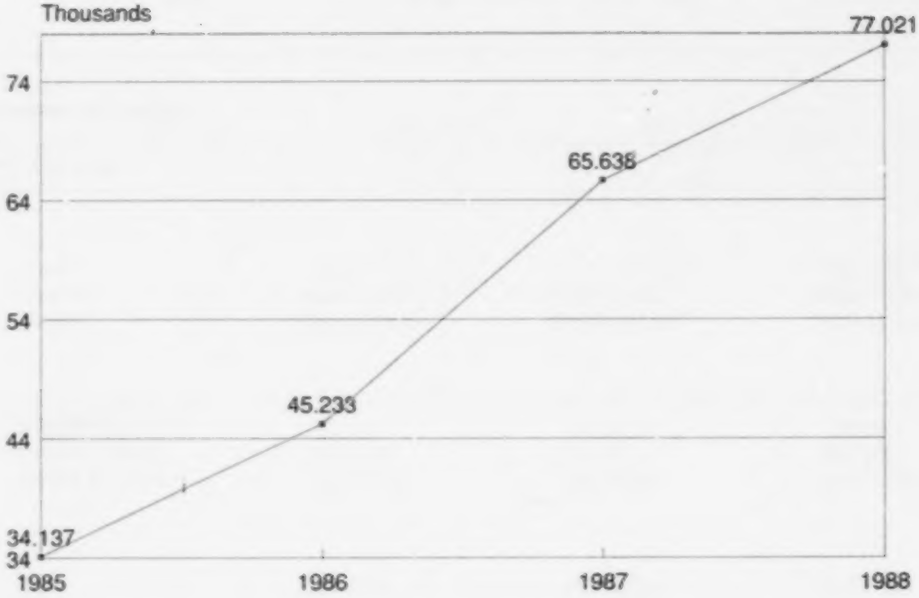
	Quantity	1985 ($)	1986 ($)	1987 ($)	1988 ($)
Depressants					
Diazepam (Valium) (Price per 5-10 mg tablet)	1000+	.30-1.00	.23-1.00	.19-1.00	.20-1.00
	1	1.00-2.00	1.00-3.00	1.00-3.00	.50-5.00
Counterfeit Qualudes (Price per tablet)	1,000+	.50-2.00	.50-2.00	.50-2.00	.50-2.00
	1	3.00-10.00	3.00-10.00	3.00-10.50	3.00-10.50
Hallucinogens					
LSD (Price per dosage unit or "hit")	1,000	1.00-2.00	.98-2.30	1.00-2.50	.35-1.50
	1	2.00-5.00	3.00-6.00	3.00-6.00	2.00-8.00
PCP	Ounce (powder)	950-1,100	950-1,100	975-1,100	1,000-1,200
	Ounce (liquid)	150-500	150-525	100-500	100-500
	1 cigarette*	30-50	30-70	30-70	
Stimulants					
Methamphetamine	Pound	10,000-20,000	6,800-18,000	5,500-17,500	6,000-20,000
	Ounce	800-2,000	1,000-1,800	1,000-1,500	700-1,800
	Gram	60-100	60-120	60-120	60-125

---

* A full-length cigarette saturated with PCP.

Source: DEA, Offender-Based Transaction System.

Exhibit 2-6
Emergency Room Mentions
CY 1985 - CY 1988

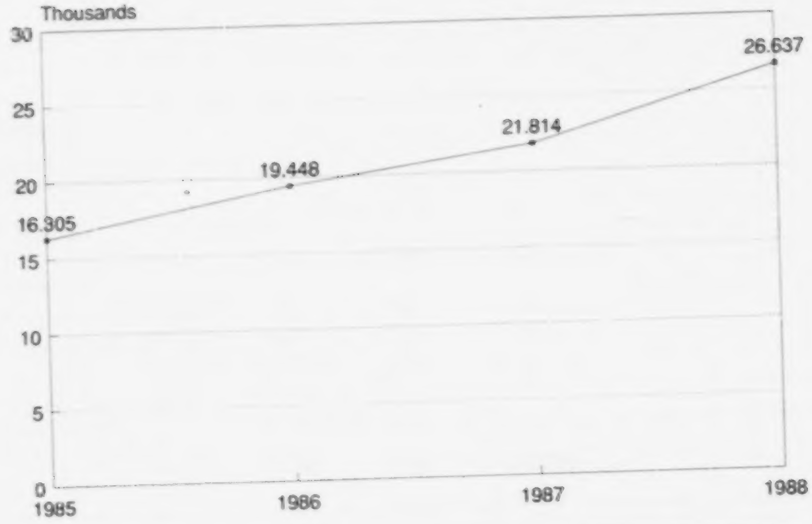


	1985	1986	1987	1988*
Cocaine	10,397	19,090	32,578	42,492
Heroin/Morphine	12,522	13,644	14,550	15,733
Marijuana/Hashish	3,818	4,613	7,218	8,200
Methamphetamine/Speed	1,694	1,787	2,380	2,644
PCP/PCP Combinations	4,876	5,307	7,804	6,904
LSD	830	792	1,108	1,048
Total	34,137	45,233	65,638	77,021

* Projected from figures for first nine months of CY 1988.

Source: NIDA, Drug Awareness Warning Network (DAWN).

Exhibit 2-7
Drug Arrests
CY 1985 - CY 1988

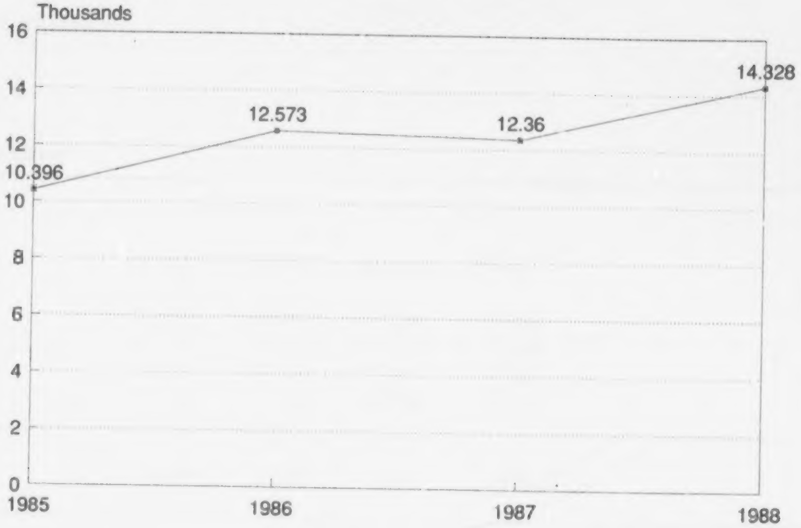


	1985	1986	1987	1988(E)
Cocaine	7,973	11,074	12,188	15,553
Heroin	2,178	2,115	2,048	2,508
Marijuana	3,521	3,691	4,399	4,928
Other Dangerous Drugs	2,568	3,179	2,736	3,648
Total	16,305	19,448	21,814	26,637

(E) Estimated to the end of CY 1988.

Source: DEA, Defendant Statistical System.

Exhibit 2-8
Convictions
CY 1985 - CY 1988

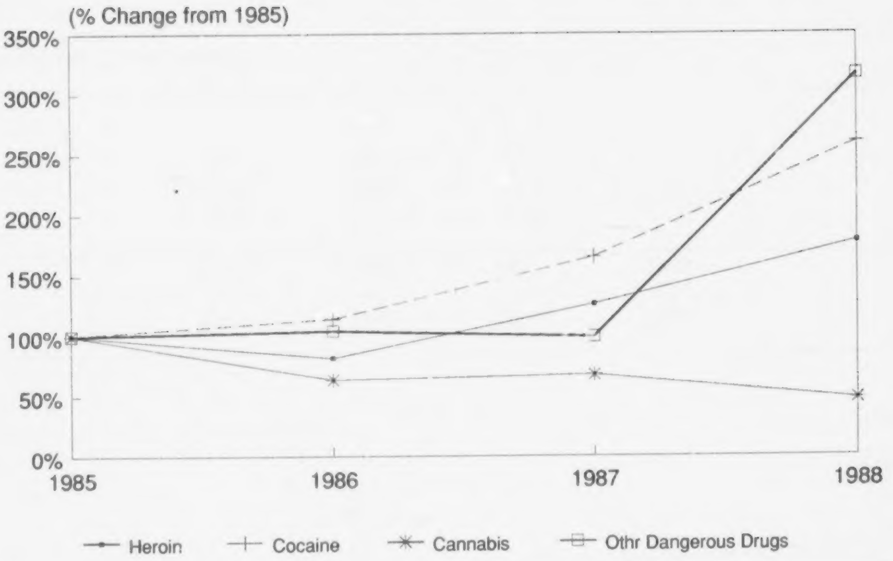


	1985	1986	1987	1988(E)
Cocaine	4,343	6,267	6,731	7,547
Heroin	1,731	1,531	1,255	1,272
Marijuana	2,676	2,888	2,787	3,364
Other Dangerous Drugs	1,646	1,887	1,587	2,145
Total	10,396	12,573	12,360	14,328

(E) Estimated to the end of CY 1988.

Source: DEA, Defendant Statistical System.

Exhibit 2-9
Drug Removals*
CY 1985 - CY 1988

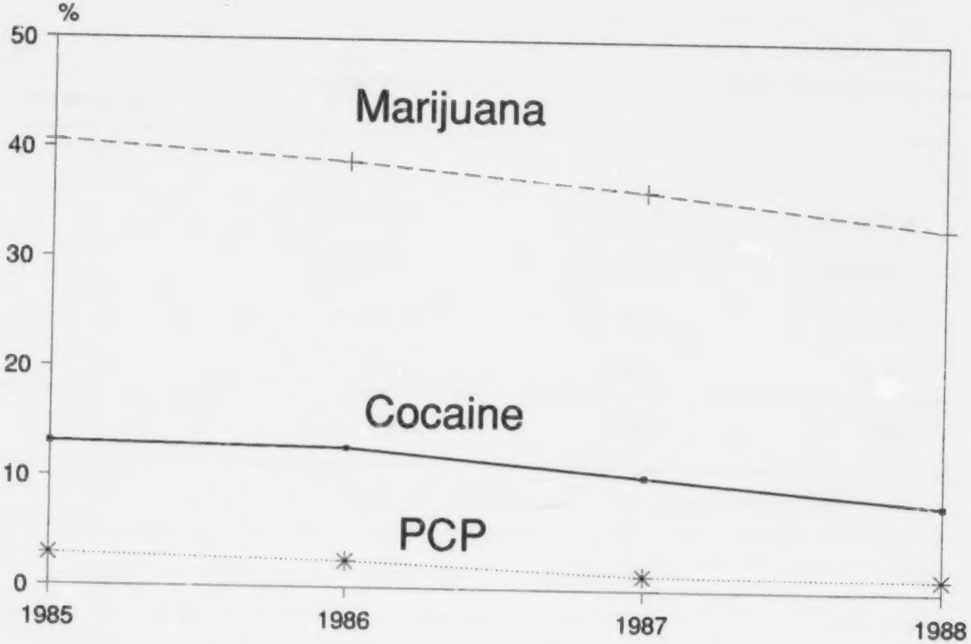


	1985	1986	1987	1988
Heroin (kilos)	439.9	388.6	382.4	793.9
Cocaine (kilos)	24,654.9	27,500.1	37,404.8	55,896.9
Cannabis (kilos)	860,840.2	715,923.6	649,489.3	532,004.3
Dangerous Drugs (MDU)	38,531,643	34,774,658	33,788,528	103,132,890

*Includes seizures, purchases, and samples.

Source: STRIDE, March 9, 1989.

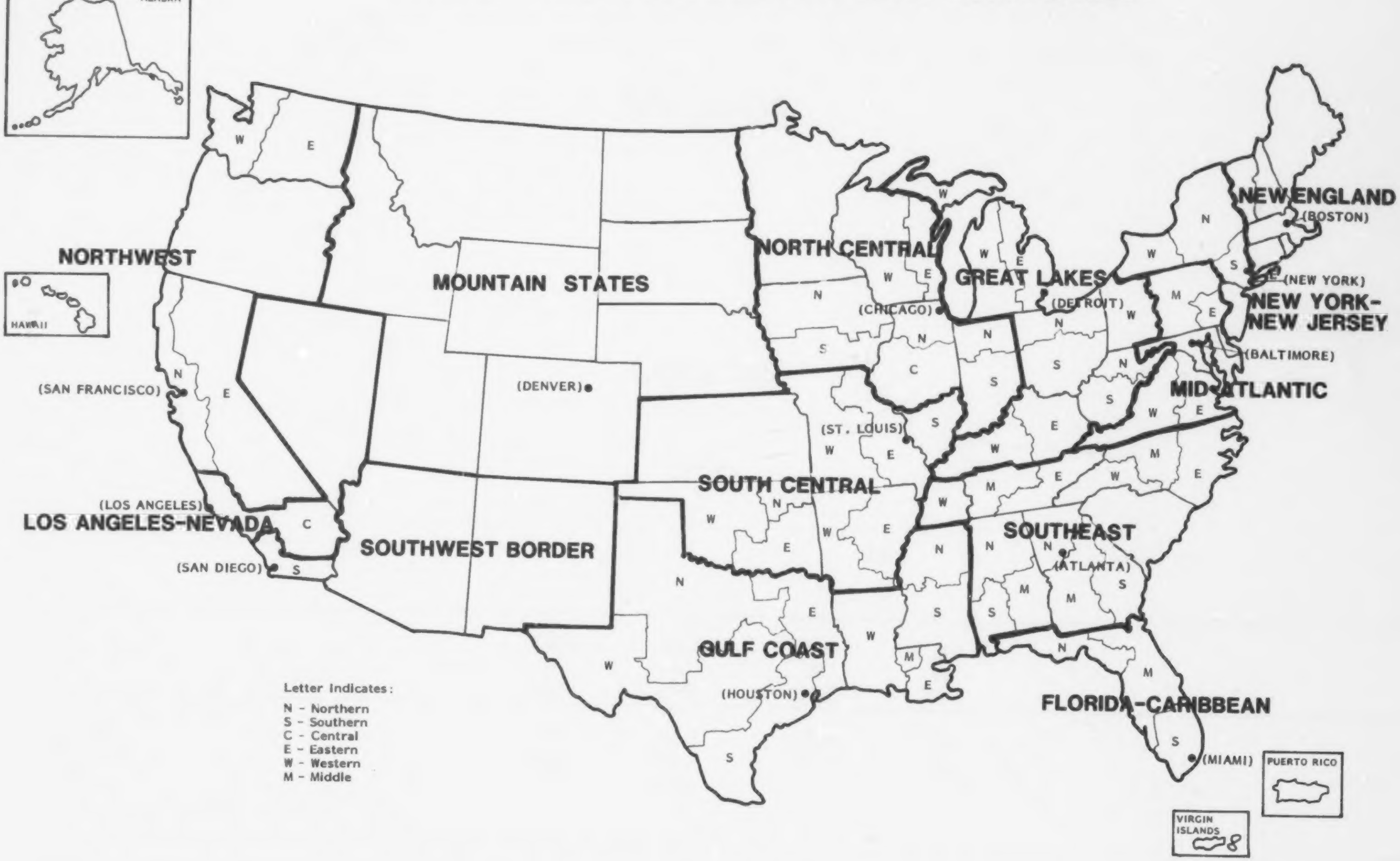
Exhibit 2-10
Percentage of High School Seniors Who Used Drugs
CY 1985 - CY 1988



	Class of 1985	Class of 1986	Class of 1987	Class of 1988
Cocaine	13.1	12.7	10.3	7.9
Marijuana	40.6	38.8	36.3	33.1
PCP	2.9	2.4	1.3	1.2

Source: University of Michigan's Institute for Social Research.

ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCES


ALASKA
HAWAII
NORTHWEST
(SAN FRANCISCO)
LOS ANGELES-NEVADA
(LOS ANGELES)
(SAN DIEGO)
MOUNTAIN STATES
(DENVER)
SOUTHWEST BORDER
NORTH CENTRAL
(CHICAGO)
GREAT LAKES
(DETROIT)
SOUTH CENTRAL
(ST. LOUIS)
GULF COAST
(HOUSTON)
SOUTHEAST
(ATLANTA)
FLORIDA-CARIBBEAN
(MIAMI)
MID-ATLANTIC
(BALTIMORE)
NEW YORK-NEW JERSEY
(NEW YORK)
NEW ENGLAND
(BOSTON)
PUERTO RICO
VIRGIN ISLANDS
Letter Indicates:
N - Northern
S - Southern
C - Central
E - Eastern
W - Western
M - Middle

III.
Task Force Results

Introduction

Some results of the OCDETF Program's efforts are revealed through data collected at three key points in the course of case maturation.

At case initiation, Task Force coordinators review agency-submitted, partially developed investigations to compare them with OCDETF guideline criteria and determine their suitability. If the decision is made to accept a case, projections then follow about which investigative and prosecutorial methods to pursue and what resources can be allocated for these purposes. Unique to the process of case initiation is the introduction of the Coordination Group, with its multi-agency resources and the inclusion of prosecutorial expertise. Data collected at this point identify trends in case selection and reveal something about the early investigative effort. The influence of the Coordination Group is now imprinted on the Task Forces' workload. Exhibits 3-1 through 3-5 provide these data.

When indictments and informations are returned, another set of data is collected. At this point the pooled investigative efforts of the agencies have begun to bear fruit. Certain of these data arrays reuse the categories which projected Task Force needs, but they now capture occurrences: investigative methods used compared with those whose use was planned; actual agency participation in contrast to projected participation. More significant are the quantified indicators of investigative productivity: numbers of indictments or informations returned, numbers of defendants indicted. To these are added such potentially useful information as how many indictments were associated with each investigative method, how many associated with various types of criminal activities, how many with each of several drugs, how many with each participating agency, etc. Exhibits 3-6 through 3-12 report these data.

At disposition and sentencing, a final set of data is collected that includes numbers of defendants convicted and not convicted, numbers who pled guilty or were found guilty, and the kinds and duration of sentences handed down. These are the final quantitative measures of the OCDETF Program's impact on criminal enterprises. They reflect the combined effectiveness of its investigative and prosecutorial commitments. Exhibits 3-13 through 3-18 present these findings.

OCDETF's 13 regional Task Forces are identified in the exhibits as follows:

FC - Florida-Caribbean
GC - Gulf Coast
GL - Great Lakes
LA - Los Angeles-Nevada
MA - Mid-Atlantic
MS - Mountain States
NC - North Central
NE - New England
NW - Northwest
NY - New York-New Jersey
SC - South Central
SE - Southeast
SW - Southwest Border

Case Investigation/Initiation Data

The first data assembly milestone in the OCDETF Program Case Management Reporting System occurs when a Task Force case is formally initiated. Exhibits 3-1 through 3-5 report on what was known about the targets of investigation at the time of initiation as well as on the investigative approach. By September 30, 1988, 2,352 investigations had been initiated, 448 in FY 1988.

Drug Trafficking Organizations
(Exhibits 3-1a through 3-1d)

In FY 1988, the Task Forces initiated 448 new cases--a record year. Every Task Force region initiated at least 20 investigations; the New York region was most active with 52 initiations.

A comparison between Exhibit 3-1a (FY 1988) and 3-1c (cumulative FY 1983-1988) shows a significant shift in criminal organizations targeted in FY 1988 toward "Drug Trafficking Organizations" as such.

Drugs Involved in Investigations
(Exhibits 3-2a through 3-2d)

Nearly 80 percent (1,880) of the 2,352 investigations (Exhibit 3-2c) were expected to involve cocaine, 45 percent marijuana, 24 percent heroin, 11 percent methamphetamine, 5.3 percent hashish, 4.5 percent methaqualone, and 2.8 percent PCP. Exhibit 3-2a (FY 1988) reports a shift of significant magnitude toward cocaine investigations, still followed in order by marijuana and heroin. Methaqualone, with only two cases, has almost disappeared from investigation initiation reports.

Types of Criminal Activities Involved in Investigations
(Exhibits 3-3a through 3-3d)

The number of identified money laundering cases has strongly increased in FY 1988 over previous years while the number of street sales and distribution cases increased slightly overall (Exhibit 3-3c). The Task Forces have initiated some 2,200 investigations against drug distributors, far more than for any other category of criminal activity.

Investigative Techniques Proposed
(Exhibits 3-4a through 3-4d)

The Federal agencies nominating cases to their OCDETF Coordination Groups have proposed the use of each of four favorite investigative techniques in three-fourths of all cases initiated in FY 1988. These techniques are, in order of popularity, investigative grand jury, undercover or sting, financial investigation, and pen register. Compared with cumulative data, this constitutes some increase in "undercover or sting" and an extreme upward swing in the anticipated usefulness of pen registers (compare Exhibits 3-4a and 3-4c). Cumulatively, 72.7 percent of all 2,352 Task Force cases sought to employ investigative grand juries, and 72.6 percent aimed to use financial investigations. Undercover or sting operations were slated in 1,637 investigations; Title III or other surveillance methods in 1,145 cases; grants of immunity in 1,069 cases; tax grand juries in 912 cases; witness protection in 755 cases; and extradition in 239 cases.

Agency Participation in Investigations
(Exhibits 3-5a through 3-5d)

An OCDETF case is, by definition, a multiagency case. Initial agency resource allocations may shift as an investigation progresses.

The most striking shift occurring in FY 1988 initiation figures was the planned involvement of local investigators in most cases, 58.3 percent, and State police in more than 40 percent. INS, in its first full year in the Task Forces, was programmed to participate in 26 percent of investigations.

The Program's history of agency resource assignments (Exhibit 3-5c) projected DEA involvement in 85.8 percent (2,017) of all Task Force investigations, IRS involvement in 68.4 percent (1,608), FBI in 58 percent (1,364), Customs in 47.2 percent (1,111), local investigators in 44.9 percent (1,057), BATF in 35.2 percent (828), and State investigators in 34.6 percent (814). The U.S. Attorneys and the U.S. Marshals Service are assumed to be involved in all OCDETF case investigations.

Indictments and Informations Data

The second data assembly milestone in the Task Force Case Management Reporting System occurs when indictments are returned. While the first five sets of exhibits report on intelligence analyses, investigation planning, tailoring of the investigative team, and commitment of resources, Exhibits 3-6 through 3-10 reflect actual results in these same areas. Exhibits 3-11 and 3-12 provide factual information on the actual role played by some of the indicted participants, and on the offenses charged.

By September 30, 1988, 2,352 OCDETF investigations had produced 4,917 indictments and informations resulting in 16,859 defendants indicted on one or more charges. A full share, 933, of those indictments were handed down in FY 1988.

Scope of Criminal Organizations
(Exhibits 3-6a through 3-6d)

As a national program with groups of the 94 Federal judicial districts as its 13 jurisdictional/geographic divisions, the OCDETF Program has been found to be particularly well suited to combat criminal organizations and activities that cross traditional jurisdictional boundaries. Approximately 80 percent of FY 1988 cases as well as total Task Force cases are known to extend beyond a single judicial district including some 35 percent that are international in scope.

Drugs Charged in Indictments
(Exhibits 3-7a through 3-7d)

Cocaine, the drug of choice of the decade, was mentioned in 67 percent of indictments in FY 1988. Marijuana was named in 25 percent, although relatively few investigations involved marijuana as the only drug. The 625 mentions of cocaine brought the Task Forces' six-year total to 2,675 indictments based in part or in whole on cocaine transactions (Exhibit 3-7c), far more than any other category. Heroin charges dropped sharply in FY 1988 prosecutions.

Types of Criminal Activities Charged
(Exhibits 3-8a through 3-8d)

In FY 1988, drug distribution and/or street sales were by far the predominant charges. Distribution was charged in 775 of the 933 indictments; street sales in 234. These charges, along with drug importation (which dropped off in FY 1988), have always far surpassed all others; their trend is still significantly upward. When coupled with other data discussed in this report, some change in conceptualization of their mission as seen by the Task Forces may be occurring. Exhibits 3-2a through 3-2d predicted, and Exhibits 3-7a through 3-7d reported, an increasingly large number of cocaine cases. Exhibits 3-12a through 3-12d report a large increase in drug distribution as a charged offense. The advent of inexpensive crack cocaine and the shootings and murders that have been identified with its sale come quickly to mind as at least part of the explanation for a shift in investigative/prosecutorial emphasis.

Investigative Techniques Used
(Exhibits 3-9a through 3-9d)

As planned in the Program Guidelines written in 1982, Task Force investigators make heavy use of undercover techniques and sting operations. In addition, OCDETF prosecutors have employed investigative grand juries and immunity offers in 61 and 37 percent of cases, respectively, over the life of the Program. Pen registers, financial investigations, and Title III or other surveillances are also frequently used.

Clearly, OCDETF makes extensive use of a wide variety of investigative methods, some of which require considerable sophistication and persistence to exploit properly. It is also apparent that several methods are typically used in any particular Task Force investigation. All of these methods are currently in use in each Task Force region. (Security considerations compel us to omit a regional breakdown in Exhibits 3-9a through 3-9d.)

Agency Participation
(Exhibits 3-10a through 3-10d)

The increases in involvement of State and local investigators predicted in investigation initiation data were validated in reports submitted at the time of the indictments. Except for the Drug Enforcement Administration itself, no group was more often involved in OCDETF cases than local investigators, who participated in more than half of the cases indicted in FY 1988. A similar percentage decrease was observed in FBI, IRS, Customs, and DEA participation (although the number of indictments was generally up) (Exhibits 3-10a and 3-10c).

Criminal Roles of Indicted Defendants
(Exhibits 3-11a through 3-11d)

These role categories, developed several years ago, were designed to discriminate among various functional roles believed to be common to drug trafficking organizations. The categories have all, to greater or lesser degrees, been filled with data, led by

"Major Supplier," "Mid-level Leader," and "Top Leader" (Exhibit 3-11c). Meanwhile, the category "Other" has grown at an increasing rate and now classifies 6,025 indictments, more than 35 percent of the total classifications. This simply indicates that large numbers of relatively low-level defendants are swept up in these major cases.

Offenses Charged
(Exhibits 3-12a through 3-12d)

These tables and charts define the obvious: that more Task Force defendants are charged under Title 21 than any other. The disaggregated Title 21 statistics of importation, communication, distribution, conspiracy, CCE, and manufacture are of greater interest. Title 21 conspiracy and distribution charges are of much greater magnitude than any others. (The FY 1988 jump in distribution charges has previously been noted.)

Use of a communication facility and importation--both under Title 21--and Title 18: ITAR (Interstate Transportation in Aid of Racketeering) are other charges often brought. Although all but overwhelmed numerically, the charges under Titles 18, 26, and 31 have each brought down hundreds of drug-connected defendants, some of whom have received the highest penalties.

Dispositions and Sentencing Data

These data offer the best available quantitative measure of OCDETF Program outcomes. Cases against 1,541 defendants were adjudicated last year, bringing the cumulative OCDETF total to 11,788. More than 85 percent were convicted and, of that number, 81 percent went to jail.

The details are available in Exhibits 3-13 through 3-18, along with sentencing information on what criminal roles were hit hardest and the magnitude of non-drug assets seized.

Dispositions
(Exhibits 3-13a through 3-13d)

The Task Force conviction rate stands at between 85 and 86 percent for FY 1988 as well as cumulatively. More than 10,000 violators have been successfully prosecuted by OCDETF.

Sentences
(Exhibits 3-14a through 3-14d)

The great majority of those convicted in OCDETF cases go to prison: 83 percent, or 968 individuals, in FY 1988. Cumulatively, from FY 1983 through FY 1988, 7,833 convicted defendants were sentenced to confinement (81 percent).

Prison Terms
(Exhibits 3-15a through 3-15d)

Task Force prison term data reveal regional differences. Changes in public threat perception, along with increases in mandatory Federal drug offense sentencing, are likely to be the major generators of a general increase in the length of sentences (compare Exhibits 3-15a and 3-15c). Sentences of 10 years or more increased in FY 1988 by 4 percent over the aggregated average.

Imprisonment by Criminal Role
(Exhibits 3-16a and 3-16b)

These data displays produce a running total of years of imprisonment assigned to each major category of offender. Top leaders, who account for 14.7 percent of all those sentenced to confinement, are serving 29.5 percent of all time sentenced.

Convictions by Role
(Exhibits 3-17a and 3-17b)

These exhibits extract the average sentence imposed on persons in each of the three major roles. Comparison of Exhibits 3-17a and 3-17b shows how the previously noted sentence increases were distributed in FY 1988.

These are substantial periods of confinement--in particular, the 13.6-year average for top leaders. This, plus the fact that this category contains 1,152 people, supports the notion that OCDETF's targets have been in keeping with its mandate.

Non-Drug Seizures
(Exhibit 3-18)

Drug trafficking organizations, like other businesses, can be disrupted by the removal of financial resources needed to support their operations as well as by the removal of leadership and expertise. Through September 30, 1988, the OCDETF Program had seized a total of $577.6 million in property and $338.5 million in cash.

The most recent fiscal year shows a major increase in this form of impact. The $293.1 million in cash and property seized in 1988 more than doubled the total for any previous year. It is also interesting to note that FY 1988 seizures exceeded the year's entire OCDETF budget.

A Word of Caution

The data contained in virtually all of the following tables have been disaggregated by Task Force region. This form of display invites comparison between regions. Particular care needs to be taken not to make unsuitable inferences from such information.

There are many variables that will affect the apparent productivity of a regional Task Force and that have nothing whatever to do with the Task Force's internal efficiency. Sheer volume of drugs and the size of the drug-using population in a geographic area come readily to mind. Other variables, such as proximity to borders, or the willingness of the courts to take cases having over 20 defendants, or the relative costs of operating in a certain city, are further examples.

Unless such variables can be identified, their relevance assessed, and their impact statistically controlled for, cross-regional comparisons should be held in abeyance. In the absence of such knowledge, it is methodologically naive to attribute regional differences to any preconceived cause.

Also note that FY 1988 represented the first full year of OCDETF participation by the Immigration and Naturalization Service and that the Florida-Caribbean Task Force did not come into being until FY 1984.

Exhibit 3-1a. - FY 1988
Types of Criminal Organizations Targeted in Investigations Initiated

Criminal Organizations	Number of Investigations*														Percentage of Investigations N=448**
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	
Drug Trafficking Organizations	29	41	38	26	31	35	26	33	26	50	20	47	24	426	95.1%
LCN	1	0	3	0	1	0	0	0	0	2	0	0	0	7	1.6%
Motorcycle Gangs	0	1	2	0	2	0	1	0	1	0	1	0	0	8	1.8%
Registrants	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0.2%
Prison Gangs	0	0	0	1	0	1	0	0	0	0	0	0	0	2	0.4%
Unspecified	1	0	0	0	2	0	0	0	1	0	0	2	2	8	1.8%

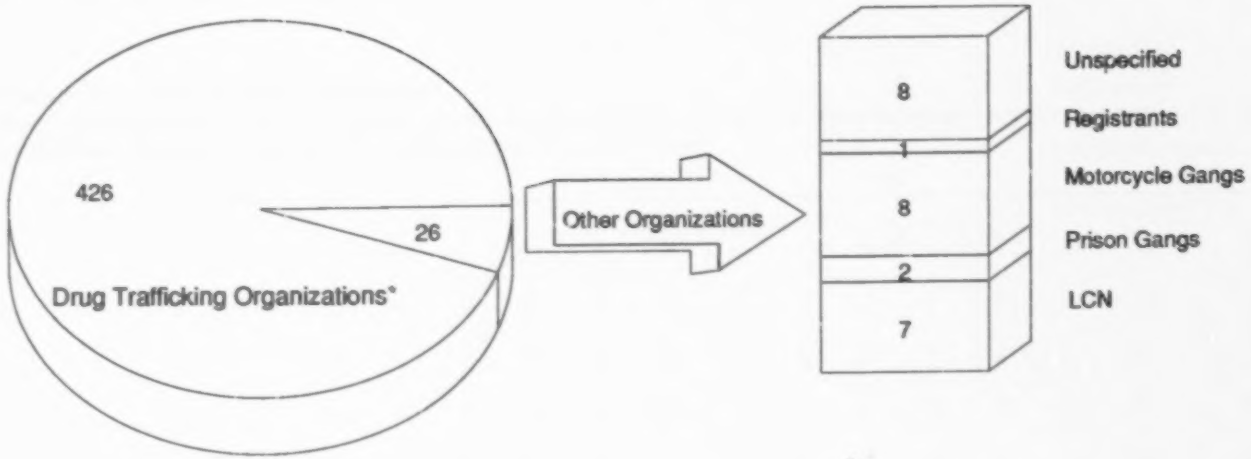
* The number of investigations in which at least one organization of this type was targeted.

** The number of investigations initiated by the Task Forces. The percentages show the frequency of involvement for each type of organization. More than one type of organization is involved in some investigations.

Note:

LCN: "La Cosa Nostra," traditional organized crime families.
Drug Trafficking Organizations: Criminal organizations whose primary purpose is drug trafficking or whose members also engage in drug trafficking.
Motorcycle Gangs: Organizations controlled by motorcycle clubs.
Prison Gangs: Organizations controlled by prison inmates.
Registrants: Persons who subvert legal authority over controlled substances.

Exhibit 3-1b. - FY 1988
Types of Criminal Organizations Targeted



*Criminal organizations whose primary purpose is drug trafficking or whose members also engage in drug trafficking.

Exhibit 3-1c. - FY 1983 through FY 1988
Types of Criminal Organizations Targeted in Investigations Initiated

Criminal Organizations	Number of Investigations*														Percentage of Investigations N=2,352**
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	
Drug Trafficking Organizations	194	193	184	128	176	127	143	130	150	222	128	203	111	2089	88.8%
LCN	11	5	12	2	17	2	2	18	0	44	5	1	1	120	5.1%
Motorcycle Gangs	1	7	8	3	13	7	10	4	12	3	6	4	4	82	3.5%
Registrants	2	2	6	2	3	0	7	3	0	0	4	2	0	31	1.3%
Prison Gangs	0	1	0	2	3	2	3	1	1	2	1	2	1	19	0.8%
Unspecified	2	0	1	1	8	1	3	4	3	6	4	6	4	43	1.8%

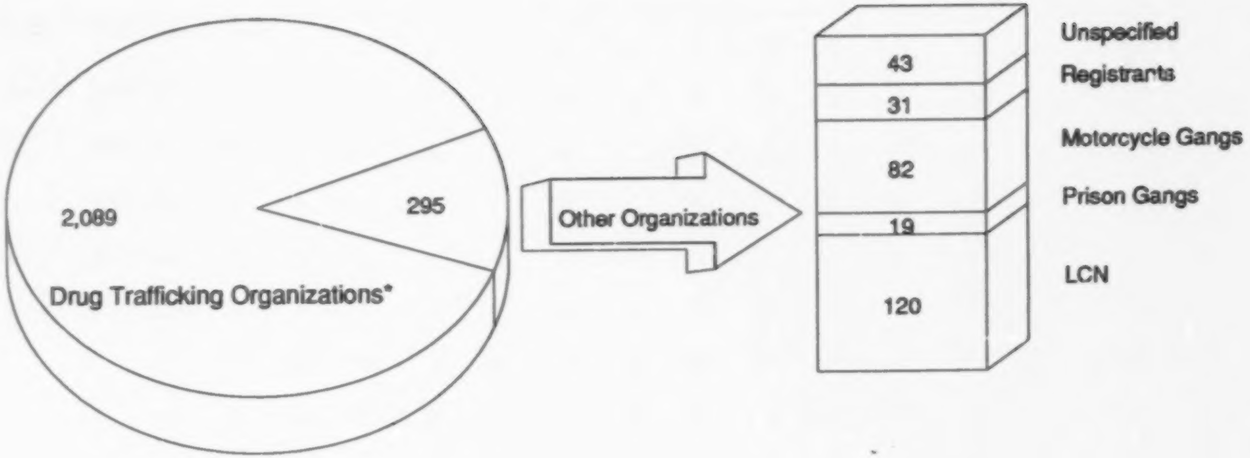
* The number of investigations in which at least one organization of this type was targeted.

** The number of investigations initiated by the Task Forces. The percentages show the frequency of involvement for each type of organization. More than one type of organization is involved in some investigations.

Note:

LCN: "La Cosa Nostra," traditional organized crime families.
Drug Trafficking Organizations: Criminal organizations whose primary purpose is drug trafficking or whose members also engage in drug trafficking.
Motorcycle Gangs: Organizations controlled by motorcycle clubs.
Prison Gangs: Organizations controlled by prison inmates.
Registrants: Persons who subvert legal authority over controlled substances.

Exhibit 3-1d. - FY 1983 through FY 1988
Types of Criminal Organizations Targeted



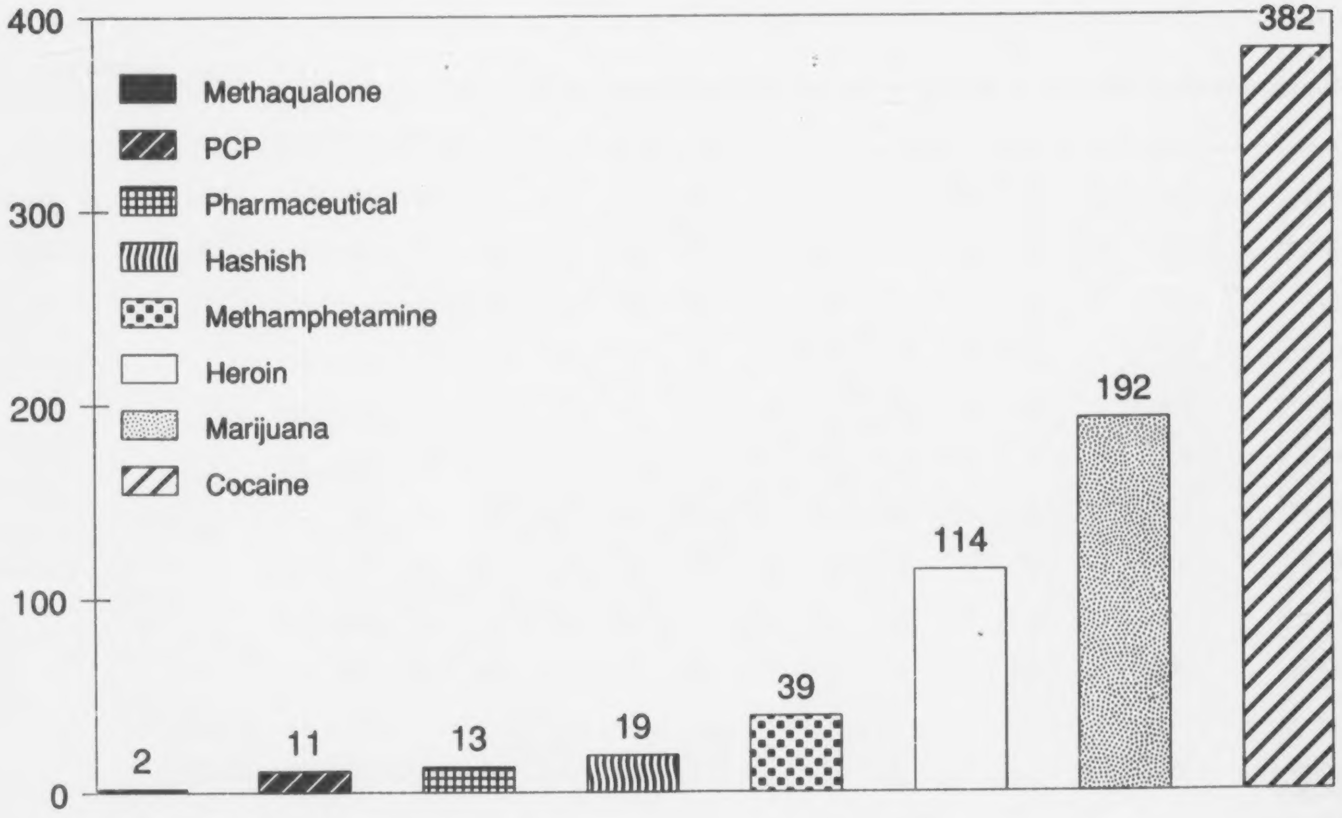
*Criminal organizations whose primary purpose is drug trafficking or whose members also engage in drug trafficking.

Exhibit 3-2a. - FY 1988
Drugs Involved in Investigations Initiated

Drug	Number of Investigations Involving Drugs														Percentage of Investi-gations N=448*
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	
Cocaine	27	38	40	24	32	27	24	28	19	37	18	46	22	382	85.3%
Marijuana	18	30	18	7	8	14	11	15	9	10	11	26	15	192	42.9%
Methaqualone	1	0	0	0	0	0	1	0	0	0	0	0	0	2	0.4%
Heroin	1	9	10	10	14	5	14	7	7	28	2	1	6	114	25.4%
Hashish	2	1	2	1	1	0	2	4	4	2	0	0	0	19	4.2%
Other	3	5	5	2	3	2	4	1	1	1	0	2	2	31	6.9%
Unspecified	1	0	0	0	0	1	0	0	0	0	0	0	0	2	0.4%
PCP	0	1	1	2	4	0	0	0	1	0	2	0	0	11	2.5%
Methamphetamine	0	5	2	4	5	4	2	0	5	3	5	2	2	39	8.7%
Pharmaceutical	1	2	3	0	1	0	1	1	0	0	1	2	1	13	2.9%

* The number of investigations initiated by the Task Forces. The percentages show the frequency of mentions for each drug. More than one drug is involved in many investigations.

Exhibit 3-2b. - FY 1988
Drugs Involved in Investigations



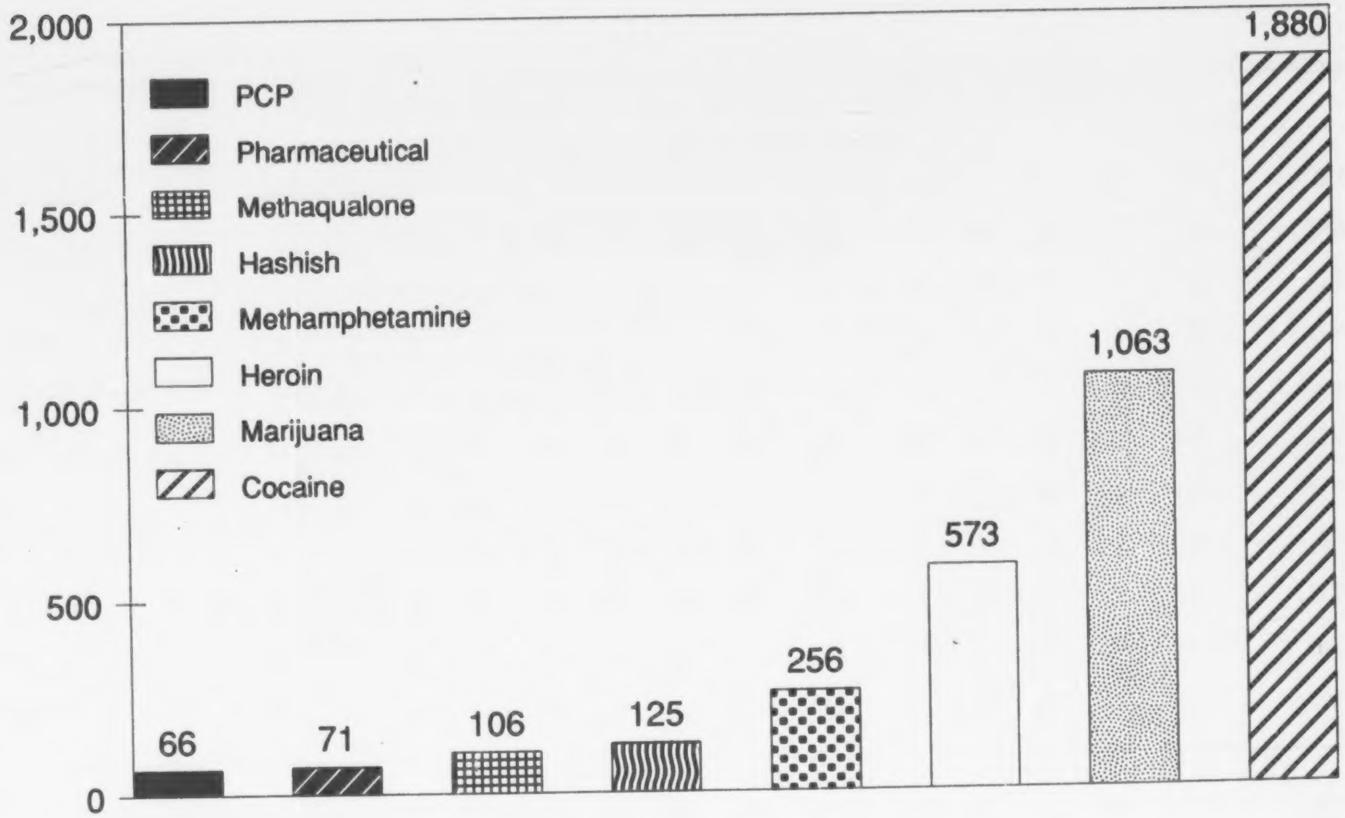
More than one drug is involved in many investigations. Investigations involving Other Drugs = 31; Unspecified = 2.

Exhibit 3-2c. - FY 1983 through FY 1988
Drugs Involved in Investigations Initiated

Drug	Number of Investigations Involving Drugs														Percentage of Investigations N=2,352*
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	
Cocaine	163	174	186	107	163	109	138	126	116	203	119	179	97	1880	79.9%
Marijuana	135	135	107	33	56	67	83	67	64	34	72	133	77	1063	45.2%
Methaqualone	14	10	23	5	5	0	8	2	2	4	9	21	3	106	4.5%
Heroin	20	48	55	35	63	23	42	34	41	135	25	20	32	573	24.4%
Hashish	12	10	18	6	7	5	9	14	16	12	6	6	4	125	5.3%
Other	9	10	12	4	11	3	12	7	7	6	7	10	7	105	4.5%
Unspecified	3	3	1	3	3	2	1	1	2	4	3	3	1	30	1.3%
PCP	1	7	11	7	15	0	6	1	2	1	11	3	1	66	2.8%
Methamphetamine	2	35	17	17	37	26	17	2	31	16	24	14	18	256	10.9%
Pharmaceutical	1	8	16	1	9	4	8	4	2	1	10	5	2	71	3.0%

* The number of investigations initiated by the Task Forces. The percentages show the frequency of mentions for each drug. More than one drug is involved in many investigations.

Exhibit 3-2d. - FY 1983 through FY 1988
Drugs Involved in Investigations



More than one drug is involved in many investigations. Investigations involving Other Drugs = 105; Unspecified = 30.

Exhibit 3-3a. - FY 1988
Type of Criminal Activities Involved in Investigations Initiated

Activity	Number of Investigations Involving Activity														Percentage of Investigations N=448*
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	
Financial Backing	18	21	15	13	16	8	10	17	14	9	11	18	12	182	40.6%
Importation	26	32	17	15	24	22	15	22	11	42	11	29	24	290	64.7%
Money Laundering	24	34	25	24	30	22	20	23	21	34	19	26	20	322	71.9%
Other	3	5	0	4	3	3	0	4	2	5	6	8	1	44	9.8%
Street Sales	9	17	25	7	23	8	16	14	11	19	13	24	7	193	43.1%
Distribution	26	42	40	24	35	35	27	30	26	50	20	48	25	428	95.5%
Official Corruption	9	13	10	7	6	3	5	6	4	9	4	9	7	92	20.5%
Crop Cultivation	1	5	3	0	0	4	0	1	2	0	2	3	3	24	5.4%
Diversion	0	2	2	0	0	1	1	1	0	0	0	2	1	10	2.2%
Manufacture	8	11	9	7	10	4	4	1	8	11	10	6	4	93	20.8%
Unspecified	1	0	0	0	0	0	0	1	0	0	0	0	0	2	0.4%

* The number of investigations initiated by the Task Forces. The percentages show the frequency for each category of illicit activity under investigation. More than one activity is involved in many investigations.

Exhibit 3-3b. - FY 1988
Type of Criminal Activities Involved

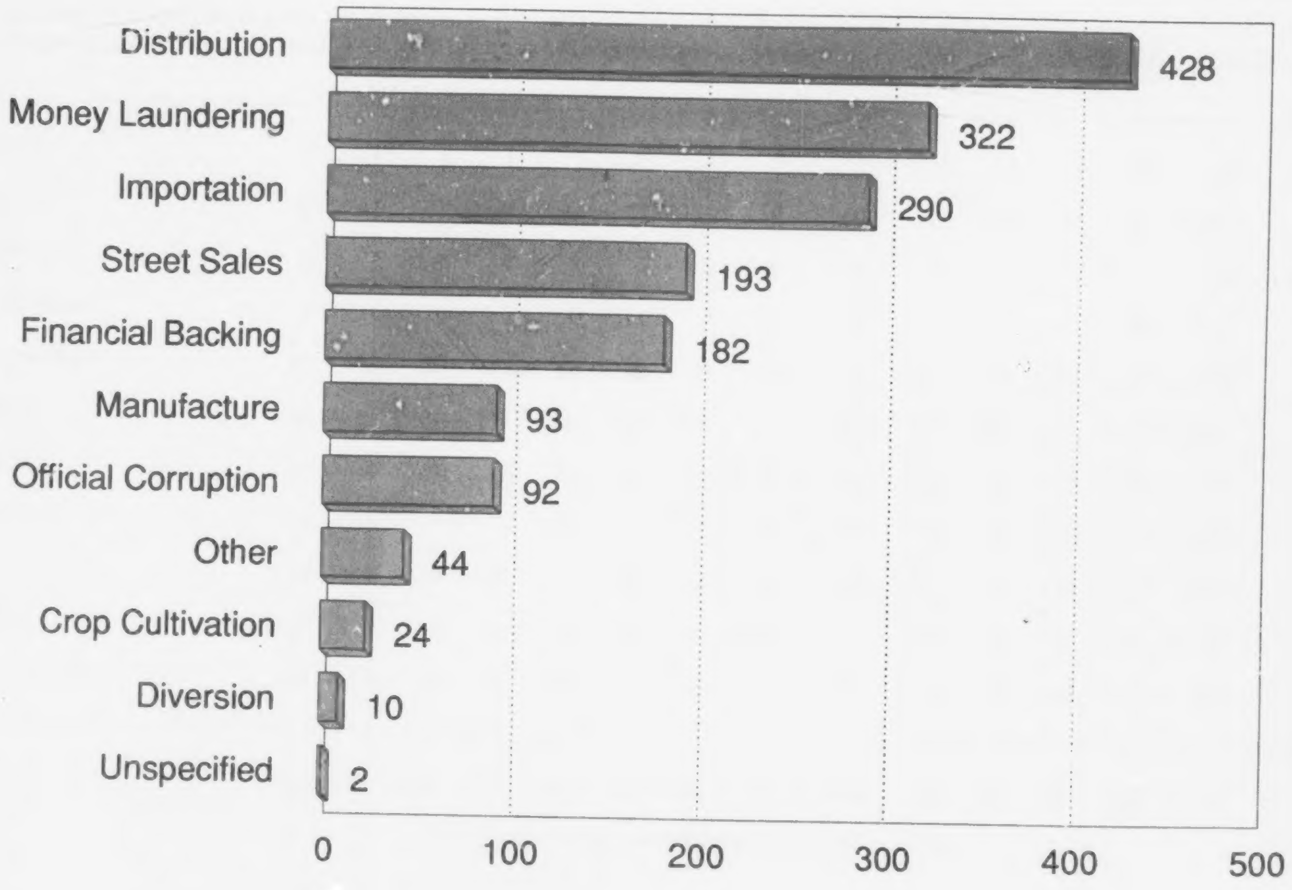


Exhibit 3-3c. - FY 1983 through FY 1988
Type of Criminal Activities Involved in Investigations Initiated

Activity	Number of Investigations Involving Activity														Percentage of Investi-gations N=2,352*
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	
Financial Backing	85	104	89	61	89	34	60	79	84	95	52	103	53	988	42.0%
Importation	172	159	105	90	119	79	89	109	97	205	72	139	103	1538	65.4%
Money Laundering	137	142	114	106	124	72	104	90	103	153	82	133	97	1457	61.9%
Other	17	19	9	7	10	5	2	10	8	10	18	18	11	144	6.1%
Street Sales	44	90	103	32	97	51	91	71	43	87	77	88	33	907	38.6%
Distribution	178	197	196	121	206	135	158	146	158	257	136	207	112	2207	93.8%
Official Corruption	42	42	26	12	19	10	16	21	12	31	10	44	25	310	13.2%
Crop Cultivation	8	14	18	3	0	11	9	5	10	2	16	17	19	132	5.6%
Diversion	2	3	9	1	8	2	5	4	1	1	9	7	3	55	2.3%
Manufacture	35	47	32	33	63	24	32	6	40	45	33	23	30	443	18.8%
Unspecified	2	1	1	1	2	0	1	2	2	6	1	3	0	22	0.9%

* The number of investigations initiated by the Task Forces. The percentages show the frequency for each category of illicit activity under investigation. More than one activity is involved in many investigations.

Exhibit 3-3d. - FY 1983 through FY 1988
Type of Criminal Activities Involved

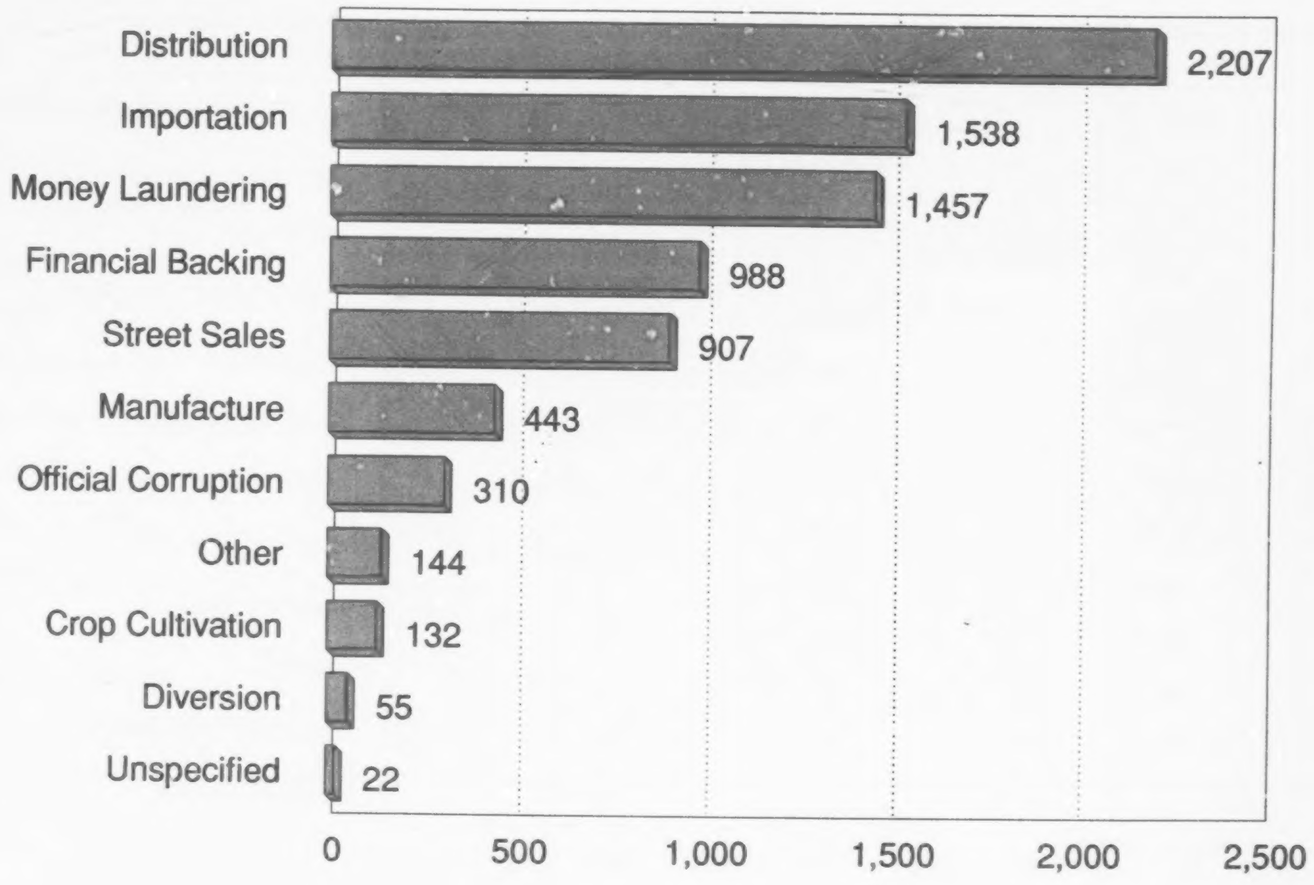


Exhibit 3-4a. - FY 1988
Investigative Techniques Proposed* in Investigations Initiated

Technique	Number of Investigations**	Percentage of Investigations N=448***
Financial Investigation	333	74.3%
Investigative Grand Jury	349	77.9%
Immunity	187	41.7%
Tax Grand Jury	160	35.7%
Undercover or Sting	339	75.7%
Parole into U.S.	18	4.0%
Title III or Other Surveillance	244	54.5%
Witness Protection	141	31.5%
Extradition	55	12.3%
Pen Register	316	70.5%
Foreign Bank/Financial Records	107	23.9%
Other	44	9.8%
Unspecified	6	1.3%

* The major investigative techniques anticipated to be used at the time the investigations were initiated. No regional breakdown is indicated for reasons of investigative sensitivity.

** The number of investigations in which this technique was proposed.

*** The number of investigations initiated by the Task Forces. The percentages show the frequency with which each technique was proposed. More than one technique is proposed in virtually all investigations.

Exhibit 3-4b. - FY 1988
Investigative Techniques Proposed

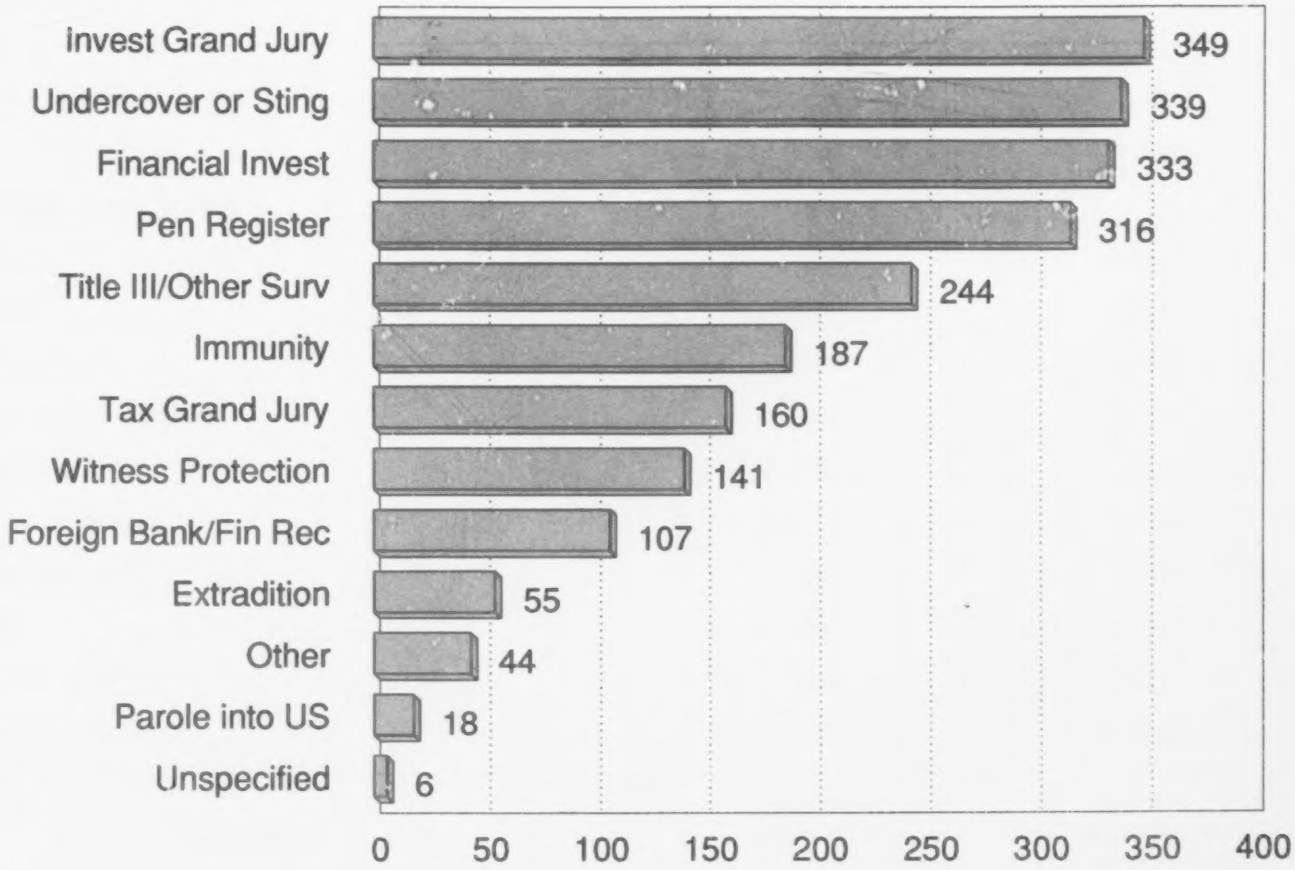


Exhibit 3-4c. - FY 1983 through FY 1988 Investigative Techniques Proposed* in Investigations Initiated

Technique	Number of Investigations**	Percentage of Investigations N=2,352***
Financial Investigation	1707	72.6%
Investigative Grand Jury	1709	72.7%
Immunity	1069	45.5%
Tax Grand Jury	912	38.8%
Undercover or Sting	1637	69.6%
Parole into U.S.	85	3.6%
Title III or Other Surveillance	1145	48.7%
Witness Protection	755	32.1%
Extradition	239	10.2%
Pen Register	970	41.2%
Foreign Bank/Financial Records	348	14.8%
Other	241	10.2%
Unspecified	34	1.4%

---

* The major investigative techniques anticipated to be used at the time the investigations were initiated. No regional breakdown is indicated for reasons of investigative sensitivity.

** The number of investigations in which this technique was proposed.

*** The number of investigations initiated by the Task Forces. The percentages show the frequency with which each technique was proposed. More than one technique is proposed in virtually all investigations.

Exhibit 3-4d. - FY 1983 through FY 1988 Investigative Techniques Proposed

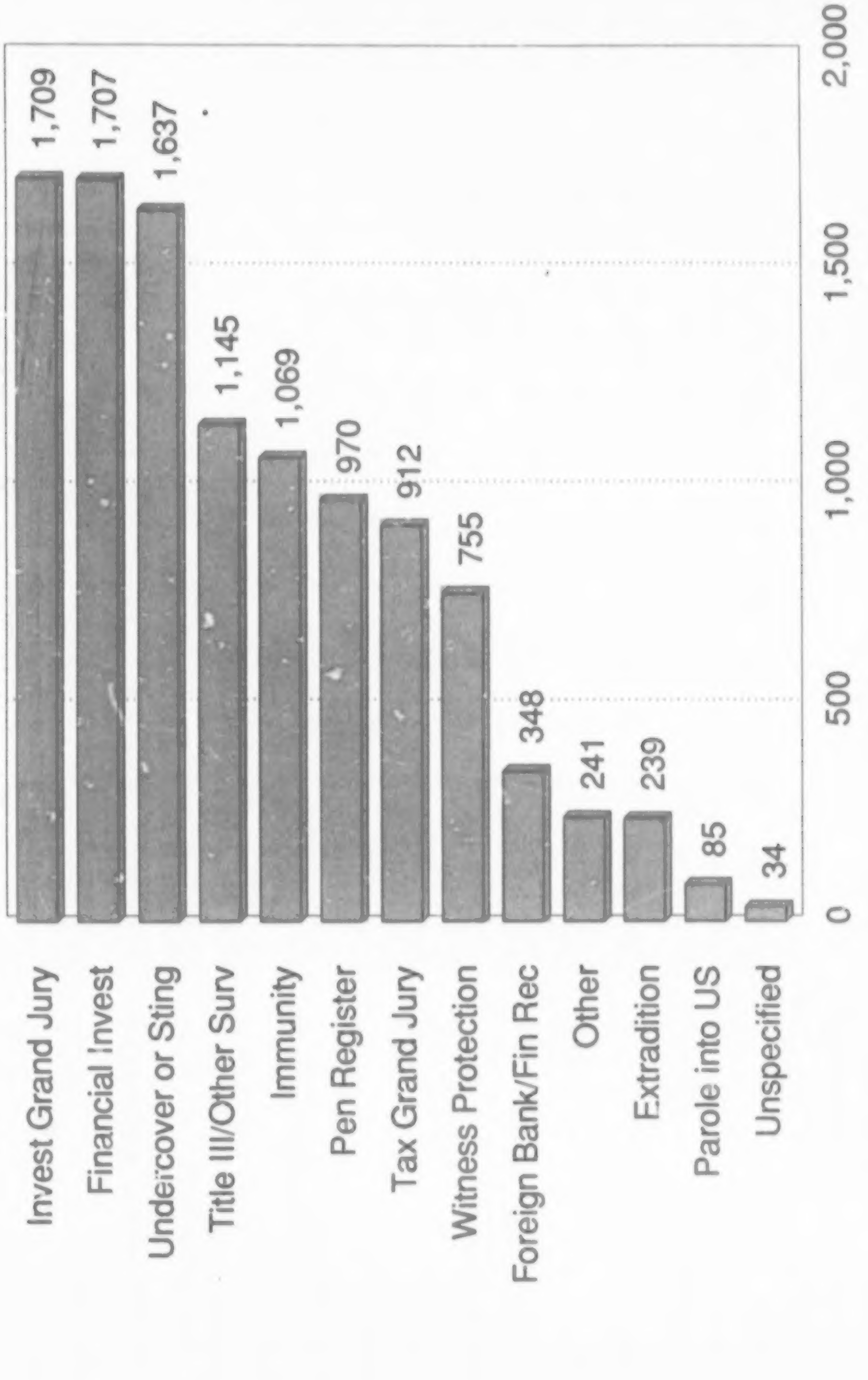


Exhibit 3-5a. - FY 1988
Agency Participation in Investigations Initiated

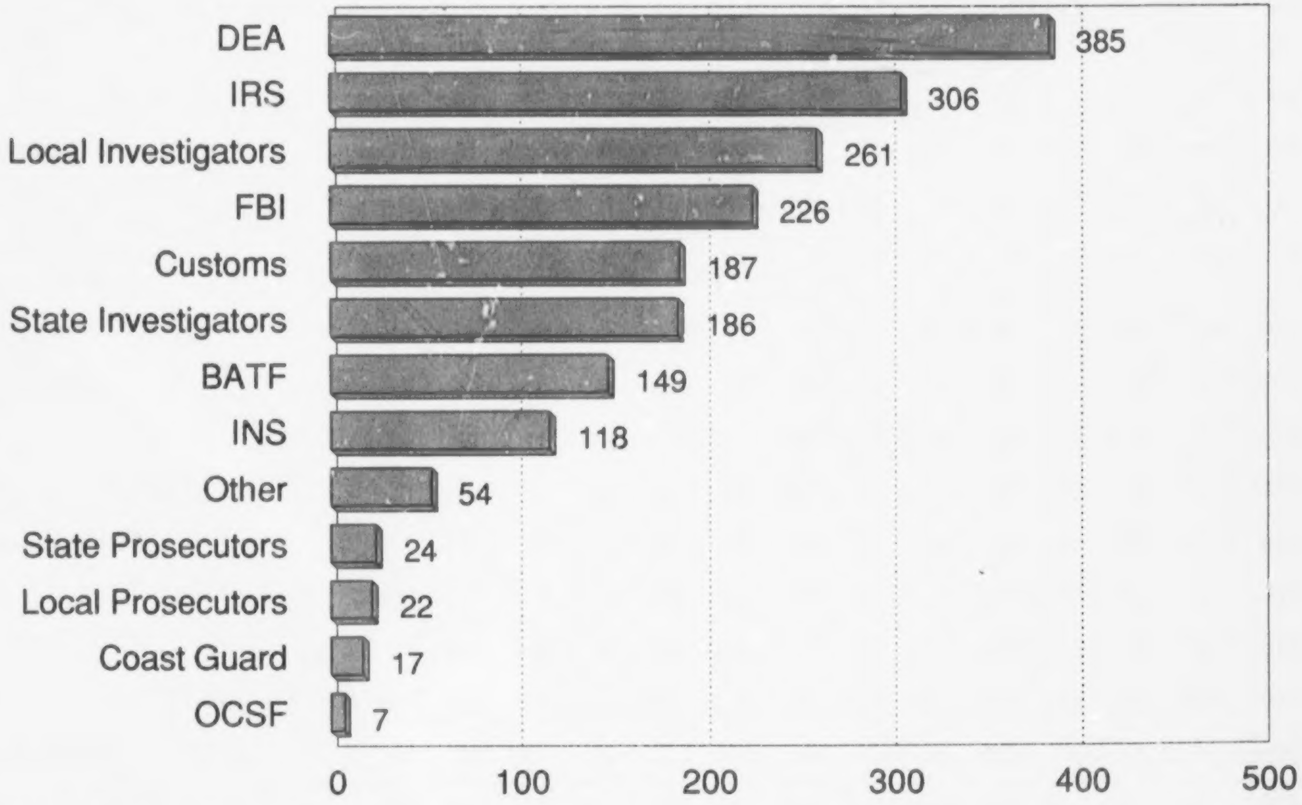
Agency	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	Percentage of Investigations N=448**
	Number of Investigations*														
Local Investigators	17	26	25	14	20	26	14	20	18	29	15	25	12	261	58.3%
DEA	25	39	23	25	32	26	25	29	24	49	17	46	25	385	85.9%
FBI	12	29	28	10	15	27	16	13	8	21	15	25	7	226	50.4%
IRS	19	34	33	22	18	27	21	20	15	32	18	29	18	306	68.3%
State Investigators	7	21	17	4	10	17	10	17	13	17	8	40	5	186	41.5%
Customs	19	27	4	9	15	1	7	7	10	33	8	25	22	187	41.7%
Other	6	9	2	2	8	1	2	3	2	8	2	7	2	54	12.1%
Local Prosecutors	1	2	1	2	2	2	2	3	1	4	2	0	0	22	4.9%
BATF	4	17	14	9	16	6	6	8	8	19	13	24	5	149	33.3%
Organized Crime Strike Force (OCSF)	0	1	0	0	2	1	0	1	0	1	1	0	0	7	1.6%
State Prosecutors	2	3	2	1	1	2	0	5	0	2	2	4	0	24	5.4%
Coast Guard	0	1	3	0	1	0	1	3	1	4	0	0	3	17	3.8%
INS	1	14	7	9	15	7	11	10	7	11	7	7	12	118	26.3%

* The number of investigations in which this agency expected to participate at the time the investigations were initiated. U.S. Marshals Service and U.S. Attorneys were expected to participate in all cases.

** The number of investigations initiated by the Task Forces. The percentages show the frequency of anticipated involvement for each type of agency. More than one agency is involved in all cases.

best copy available

Exhibit 3-5b. - FY 1988
Agency Participation*



*U.S. Marshals Service and U.S. Attorneys were expected to participate in all cases.

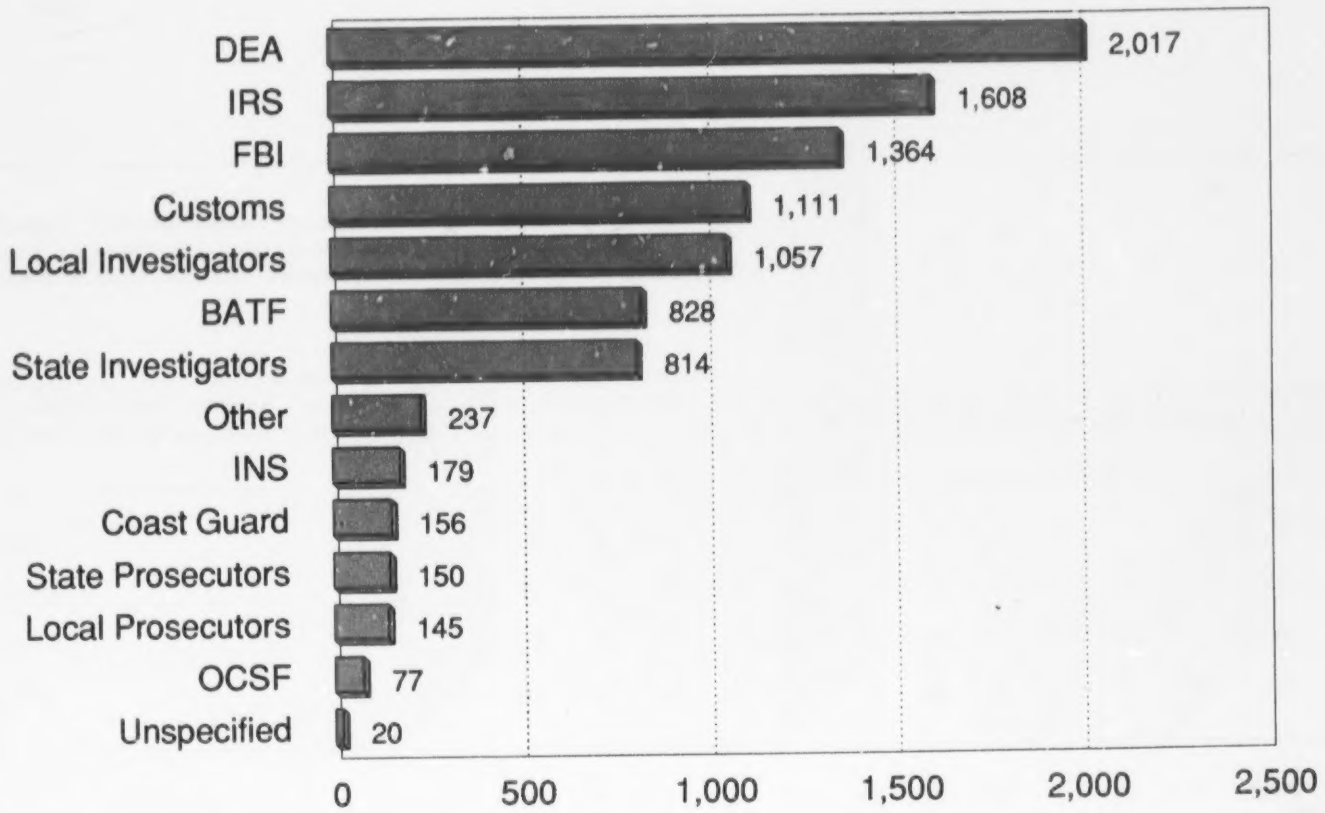
Exhibit 3-5c. - FY 1983 through FY 1988
Agency Participation in
Investigations Initiated

	Number of Investigations*														Percentage of Investigations
Agency	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	N=2,352**
Local Investigators	84	104	90	53	87	82	72	77	74	107	83	98	46	1057	44.9%
DEA	162	199	139	113	185	115	138	148	147	243	124	196	108	2017	85.8%
FBI	64	149	148	59	113	100	100	82	104	136	94	148	67	1364	58.0%
IRS	108	167	154	101	142	101	124	94	111	149	110	157	90	1608	68.4%
State Investigators	45	100	60	22	58	65	58	67	46	56	54	148	35	814	34.6%
Customs	97	133	48	86	101	35	66	39	97	156	39	125	89	1111	47.2%
Other	20	21	14	16	25	5	29	14	8	45	15	17	8	237	10.1%
Local Prosecutors	6	15	8	9	22	13	9	12	3	29	11	5	3	145	6.2%
BATF	78	106	52	36	70	44	42	41	62	116	55	90	36	828	35.2%
Organized Crime Strike Force (OCSF)	6	10	3	5	16	5	3	11	3	10	2	3	0	77	3.3%
State Prosecutors	8	19	8	6	10	12	5	23	3	20	11	19	6	150	6.4%
Coast Guard	10	21	19	6	7	4	5	21	12	9	12	14	16	156	6.6%
INS	6	23	12	11	22	9	13	20	15	18	7	9	14	179	7.6%
Unspecified	0	0	1	2	5	0	2	1	0	5	0	1	3	20	0.9%

* The number of investigations in which this agency expected to participate at the time the investigations were initiated. U.S. Marshals Service and U.S. Attorneys were expected to participate in all cases.

** The number of investigations initiated by the Task Forces. The percentages show the frequency of anticipated involvement for each type of agency. More than one agency is involved in almost all cases.

Exhibit 3-5d. - FY 1983 through FY 1988
Agency Participation*



*U.S. Marshals Service and U.S. Attorneys were expected to participate in all cases.

Exhibit 3-6a. - FY 1988
Scope of Criminal Organizations Charged in Indictments and Informations

	Number of Indictments and Informations*														Percentage of Indictments and Informations
Scope	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	N=933**
International	14	32	107	2	19	28	35	3	19	8	10	40	15	332	35.6%
Multi-district	4	12	38	0	34	45	120	16	15	12	34	78	5	413	44.3%
Single District	2	8	17	4	15	16	28	1	9	3	4	35	2	144	15.4%
Unspecified	10	0	8	1	1	21	2	3	1	2	1	1	2	53	5.6%

* The number of indictments and informations in which a member(s) of at least one organization of this geographic scope was charged.

** The number of indictments and informations returned in Task Force cases. The percentages show the frequency of charges in each geographic category. More than one organization is involved in some indictments and informations.

Note:

International: Criminal activities that include substantial international drug trafficking.
Multi-district: Criminal activities in two or more Federal judicial districts.
Single District: Criminal activities limited to one Federal judicial disrict.

Exhibit 3-6b. - FY 1988
Scope of Criminal Organizations Charged

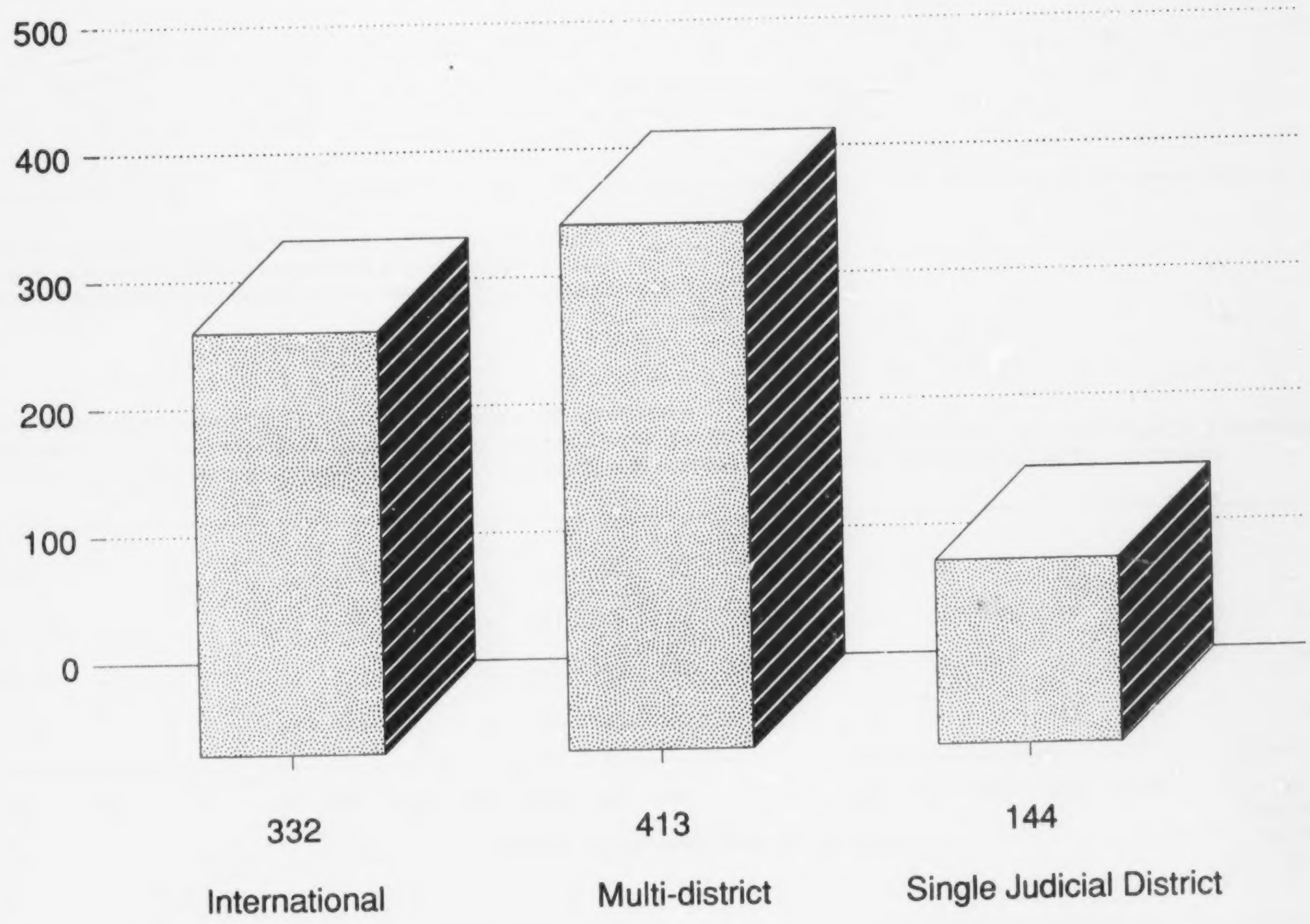


Exhibit 3-6c. - FY 1983 through FY 1988
Scope of Criminal Organizations Charged in Indictments and Informations

Scope	Number of Indictments and Informations*														Percentage of Indictments and Informations N=4,917**
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	
International	91	194	285	55	162	42	166	41	106	105	90	184	113	1634	33.2%
Multi-district	37	157	335	14	393	147	289	56	125	87	220	342	47	2249	45.7%
Single District	24	49	46	24	130	24	54	19	32	54	37	129	38	660	13.4%
Unspecified	55	17	56	9	37	68	26	46	26	27	19	34	23	443	9.0%

* The number of indictments and informations in which a member(s) of at least one organization of this geographic scope was charged.

** The number of indictments and informations returned in Task Force cases. The percentages show the frequency of charges within each geographic category. More than one organization is involved in some indictments and informations.

Note:

International: Criminal activities that include substantial international drug trafficking.
Multi-district: Criminal activities in two or more Federal judicial districts.
Single District: Criminal activities limited to one Federal judicial district.

Exhibit 3-6d. - FY 1983 through FY 1988
Scope of Criminal Organizations Charged

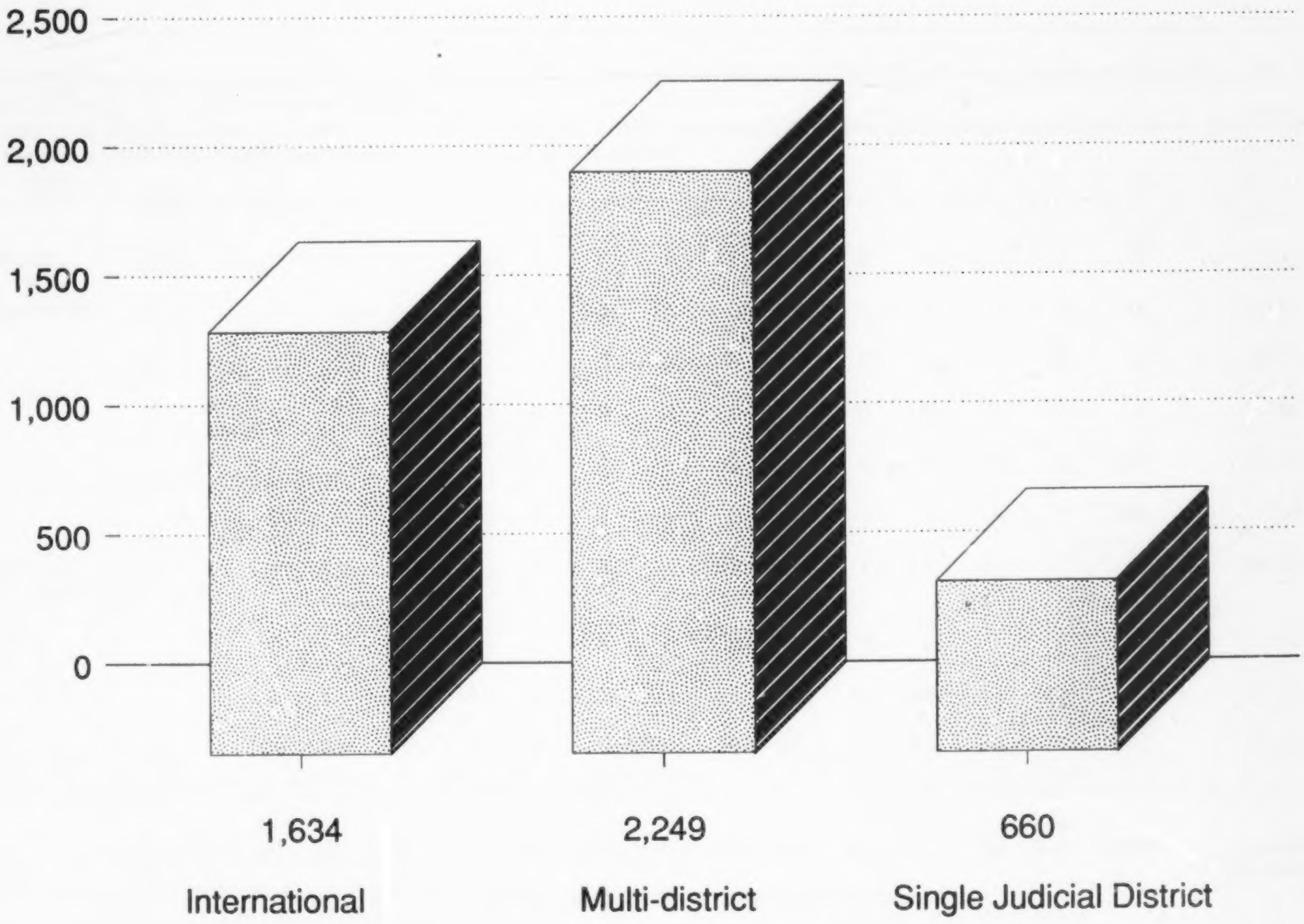


Exhibit 3-7a. - FY 1988
Drugs Charged in Indictments and Informations Returned

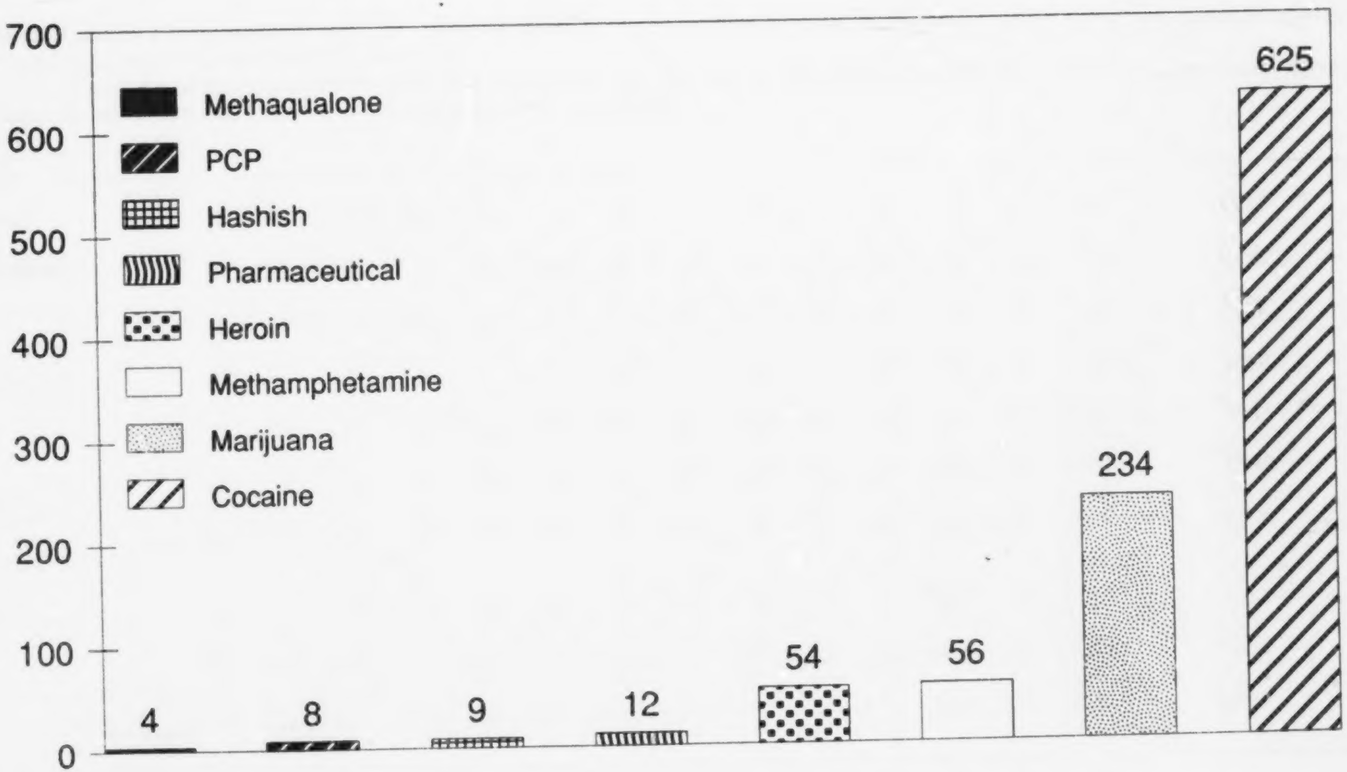
Drug	Number of Indictments and Informations*														
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	Percentage N=933**
Cocaine	19	24	136	4	39	76	141	16	22	11	31	94	12	625	67.0%
Marijuana	9	17	14	0	9	22	58	1	18	14	19	40	13	234	25.1%
Methaqualone	0	1	0	0	0	0	0	0	0	2	0	1	0	4	0.4%
No Drugs Charged/ Unspecified***	4	12	14	1	7	10	15	3	6	1	4	21	1	99	10.6%
Other	0	3	6	0	6	5	5	0	0	2	2	11	0	40	4.3%
Heroin	1	0	4	0	5	18	7	3	2	6	3	2	3	54	5.8%
Hashish	1	1	2	0	0	0	2	0	1	0	2	0	0	9	1.0%
PCP	0	1	0	1	3	0	0	0	0	0	2	1	0	8	0.9%
Methamphetamine	0	4	1	1	9	2	17	0	9	0	9	3	1	56	6.0%
Pharmaceutical	0	0	8	0	1	1	1	1	0	0	0	0	0	12	1.3%

* The number of indictments and informations in which this drug was charged.

** The number of indictments and informations returned in Task Force cases. The percentages show the frequency of mentions for each drug. More than one drug is charged in many indictments and informations.

*** Includes indictments and informations which do not allege any drug offenses, primarily those involving money laundering and financial offenses.

Exhibit 3-7b. - FY 1988
Drugs Charged in Indictments and Informations



More than one drug is involved in many indictments. Indictments involving Other Drugs = 40; No Drugs/Unspecified = 99.

Exhibit 3-7c. - FY 1983 through FY 1988
Drugs Charged in Indictments and Informations Returned

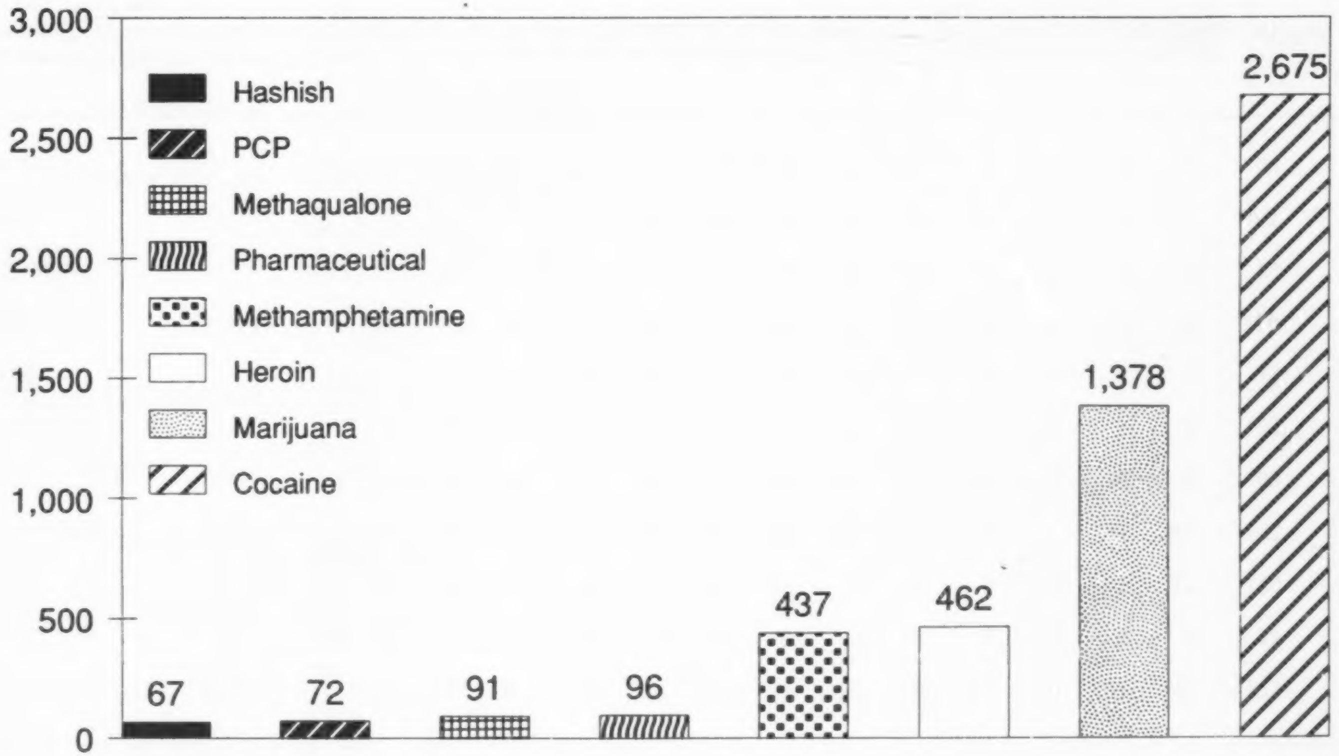
	Number of Indictments and Informations*														
Drug	**FC**	**GC**	**GL**	**LA**	**MA**	**MS**	**NC**	**NE**	**NW**	**NY**	**SC**	**SE**	**SW**	**Total**	**Percentage N=4,917****
Cocaine	90	184	432	77	279	173	319	114	149	133	237	373	115	2675	54.4%
Marijuana	69	117	148	7	191	70	172	29	95	57	83	243	97	1378	28.0%
Methaqualone	1	7	15	1	7	0	9	8	3	6	6	24	4	91	1.9%
No Drugs Charged/ Unspecified***	63	83	87	5	79	21	77	15	28	26	38	106	46	674	13.7%
Other	15	5	24	1	35	18	17	1	5	12	13	19	0	165	3.4%
Heroin	9	29	37	9	127	34	41	14	17	87	16	27	15	462	9.4%
Hashish	5	1	8	2	9	2	5	4	3	7	4	15	2	67	1.4%
PCP	1	6	4	2	44	0	1	0	1	2	8	1	2	72	1.5%
Methamphetamine	0	57	49	5	116	44	33	2	45	17	36	9	24	437	8.9%
Pharmaceutical	0	1	24	16	13	3	15	2	0	5	8	9	0	96	2.0%

* The number of indictments and informations in which this drug was charged.

** The number of indictments and informations returned in Task Force cases. The percentages show the frequency of mentions for each drug. More than one drug is charged in many indictments and informations.

*** Includes indictments and informations which do not allege any drug offenses, primarily those involving money laundering and financial offenses.

Exhibit 3-7d. - FY 1983 through FY 1988 Drugs Charged in Indictments and Informations



More than one drug is involved in many indictments. Indictments involving Other Drugs = 165; No Drugs/Unspecified = 674.

Exhibit 3-8a. - FY 1988
Type of Criminal Activities Charged in Indictments and Informations Returned

Activity	Number of Indictments and Informations*														Percentage
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	N=933**
Distribution	21	32	154	4	59	92	164	20	36	13	39	121	20	775	83.1%
Financial Backing	1	3	4	0	3	2	13	0	12	0	2	4	9	53	5.7%
Importation	16	10	2	0	13	26	19	0	17	5	4	41	17	170	18.2%
Money Laundering	11	4	6	1	9	10	30	0	14	5	6	35	11	142	15.2%
Other	3	9	12	1	9	5	10	1	6	13	3	16	1	89	9.5%
Official Corruption	6	2	2	0	4	2	1	1	0	2	2	4	4	30	3.2%
Unspecified	1	7	3	1	0	8	6	3	1	0	6	8	1	45	4.8%
Street Sales	3	10	55	0	6	25	67	7	9	3	15	30	4	234	25.1%
Crop Cultivation	1	1	1	0	0	[illegible]	3	0	0	1	2	5	3	23	2.5%
Diversion	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0.1%
Manufacture	1	7	2	1	7	8	6	0	4	1	4	9	3	53	5.7%

* The number of indictments and informations in which this activity was charged.

** The number of indictments and informations returned in Task Force cases. The percentages show the frequency for each category of illicit activity charged. More than one activity is charged in many cases.

Exhibit 3-8b. - FY 1988
Type of Criminal Activities Charged

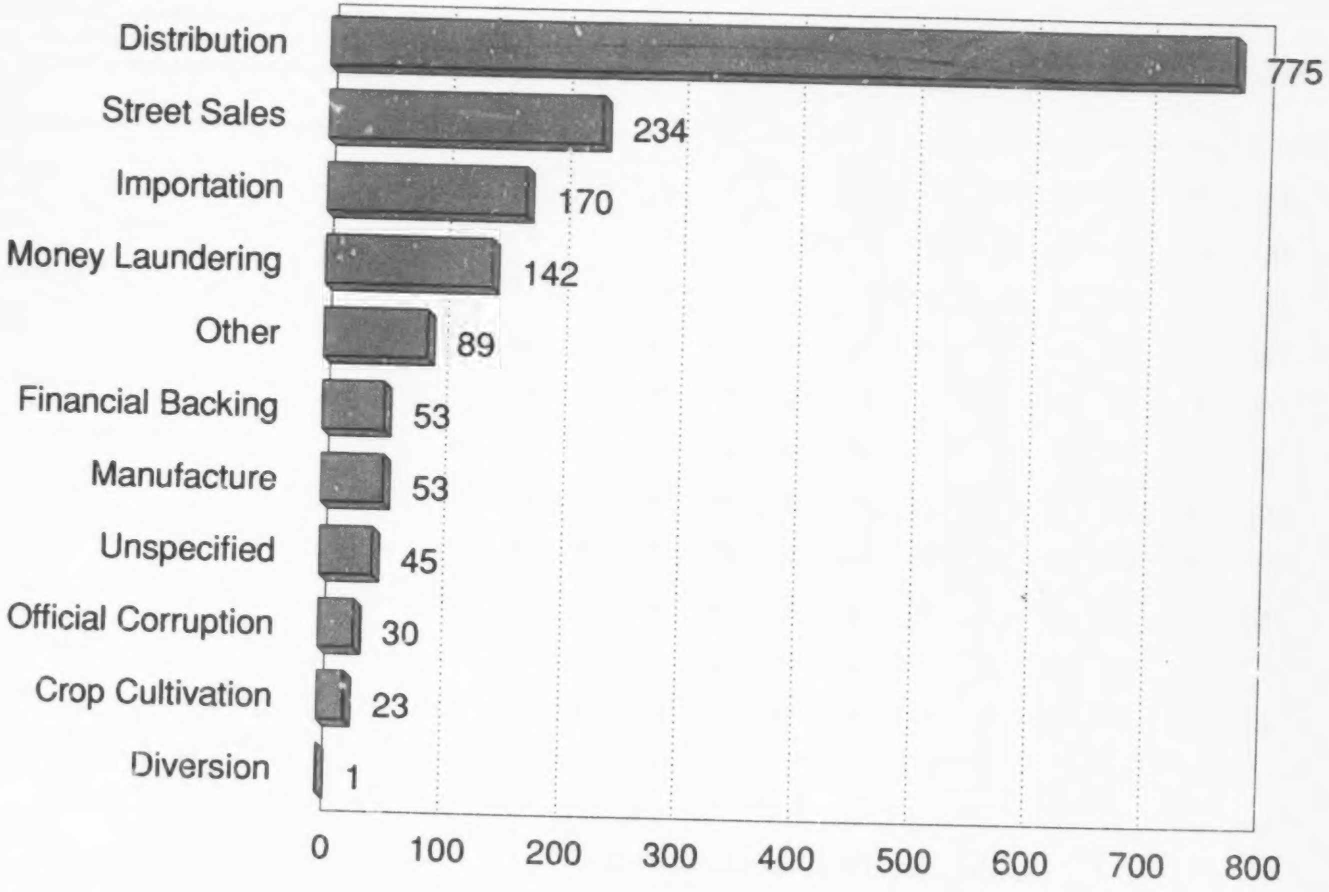


Exhibit 3-8c. - FY 1983 through FY 1988
Type of Criminal Activities Charged in Indictments and Informations Returned

	Number of Indictments and Informations*														
Activity	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	Percentage N=4,917**
Distribution	131	304	600	85	572	245	425	131	235	196	288	510	158	3880	78.9%
Financial Backing	33	39	24	10	62	26	39	11	53	38	54	51	42	482	9.8%
Importation	106	106	64	31	169	62	74	29	99	72	80	216	115	1223	24.9%
Money Laundering	75	49	34	31	112	40	102	14	61	45	65	110	86	824	16.8%
Other	37	82	66	5	90	12	56	11	40	57	44	98	45	643	13.1%
Official Corruption	25	28	20	3	16	10	14	10	2	5	4	30	34	201	4.1%
Unspecified	5	26	26	1	36	14	28	9	7	9	23	39	8	231	4.7%
Street Sales	36	77	118	13	158	105	183	50	46	55	96	102	25	1064	21.6%
Crop Cultivation	2	3	31	2	5	12	12	1	6	2	37	15	18	146	3.0%
Diversion	1	0	8	13	6	1	13	0	0	0	28	2	0	72	1.5%
Manufacture	8	47	22	12	49	44	22	2	34	14	61	29	24	368	7.5%

* The number of indictments and informations in which this activity was charged.

** The number of indictments and informations returned in Task Force cases. The percentages show the frequency for each category of illicit activity charged. More than one activity is charged in many cases.

Exhibit 3-8d. - FY 1983 through FY 1988
Type of Criminal Activities Charged

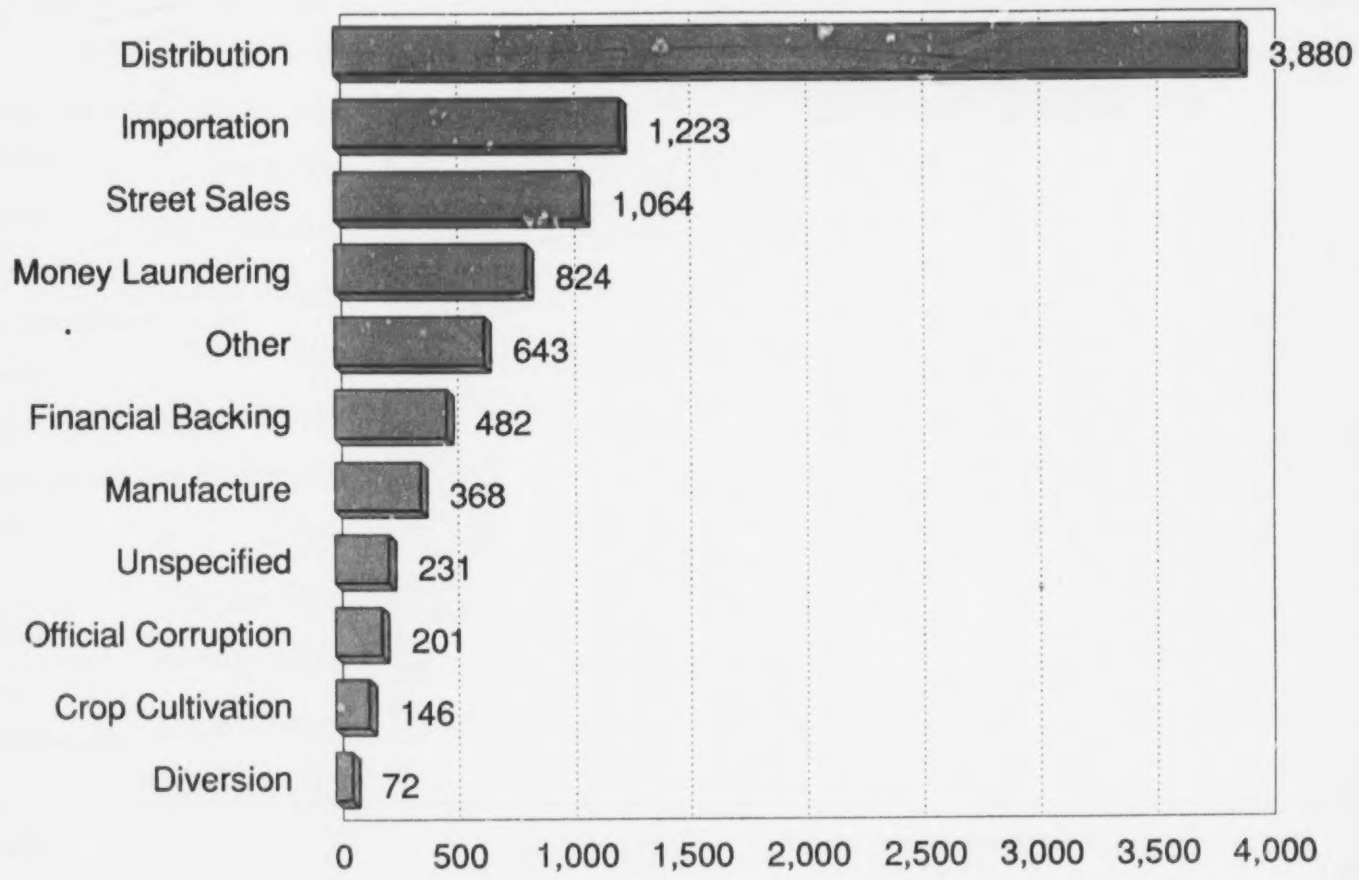


Exhibit 3-9a. - FY 1988
Investigative Techniques Used* for Indictments and Informations Returned

Technique	Number of Indictments and Informations**	Percentage N=933***
Financial Investigation	281	30.1%
Immunity	373	40.0%
Investigative Grand Jury	577	61.8%
Other	85	9.1%
Tax Grand Jury	139	14.9%
Witness Protection	86	9.2%
Title III or Other Surveillance	259	27.8%
Unspecified	83	8.9%
Foreign Bank/Financial Records	25	2.7%
Undercover or Sting	589	63.1%
Extradition	20	2.1%
Pen Register	321	34.4%
Parole into U.S.	7	0.8%

---

* The major investigative techniques used during investigation and prosecution. No regional breakdown is indicated for reasons of investigative sensitivity.

** The number of indictments and informations for which this technique was used.

*** The number of indictments and informations returned in Task Force cases. The percentages show the frequency with which each technique was used. More than one technique is involved in many cases.

Exhibit 3-9b. - FY 1988
Investigative Techniques Used

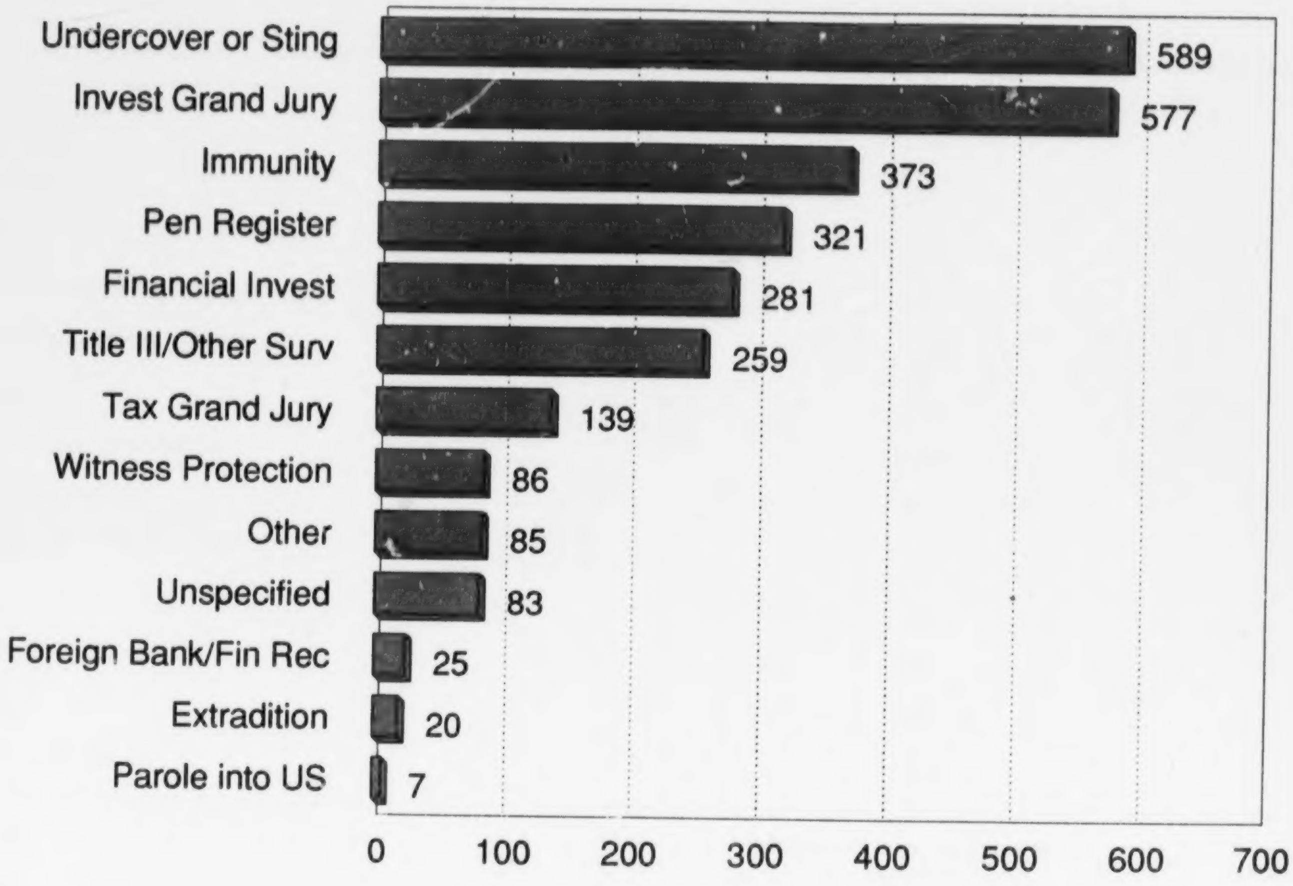


Exhibit 3-9c. - FY 1983 through FY 1988 Investigative Techniques Used* for Indictments and Informations Returned

Technique	Number of Indictments and Informations**	Percentage N=4,917***
Financial Investigation	1641	33.4%
Immunity	1820	37.0%
Investigative Grand Jury	2997	61.0%
Other	1240	25.2%
Tax Grand Jury	1004	20.4%
Witness Protection	851	17.3%
Title III or Other Surveillance	1478	30.1%
Unspecified	269	5.5%
Foreign Bank/Financial Records	136	2.8%
Undercover or Sting	2954	60.1%
Extradition	116	2.4%
Pen Register	1287	26.2%
Parole into U.S.	40	0.8%

* The major investigative techniques used during investigation and prosecution. No regional breakdown is indicated for reasons of investigative sensitivity.

** The number of indictments and informations for which this technique was used.

*** The number of indictments and informations returned in Task Force cases. The percentages show the frequency with which each technique was used. More than one technique is involved in many cases.

Exhibit 3-9d. - FY 1983 through FY 1988
Investigative Techniques Used

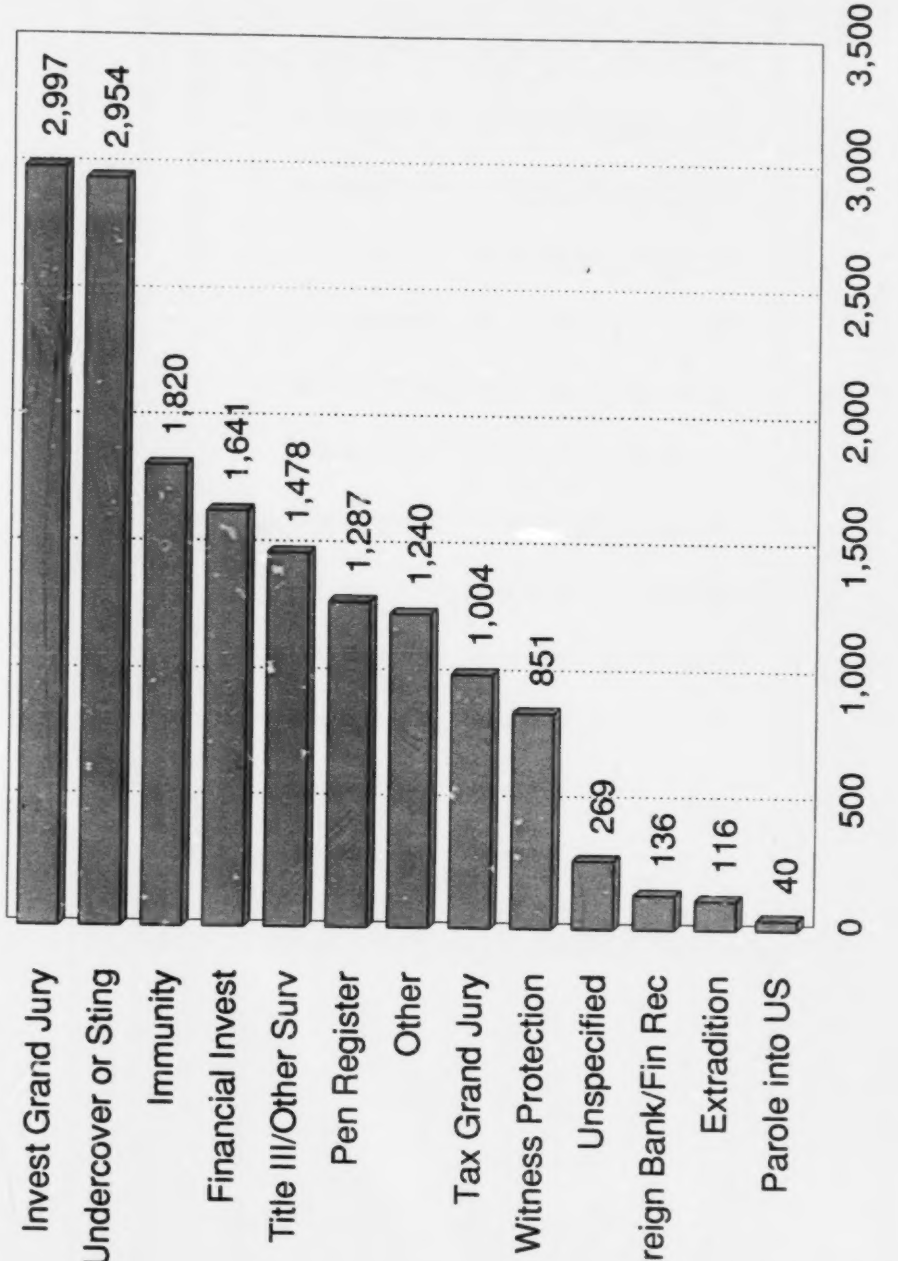


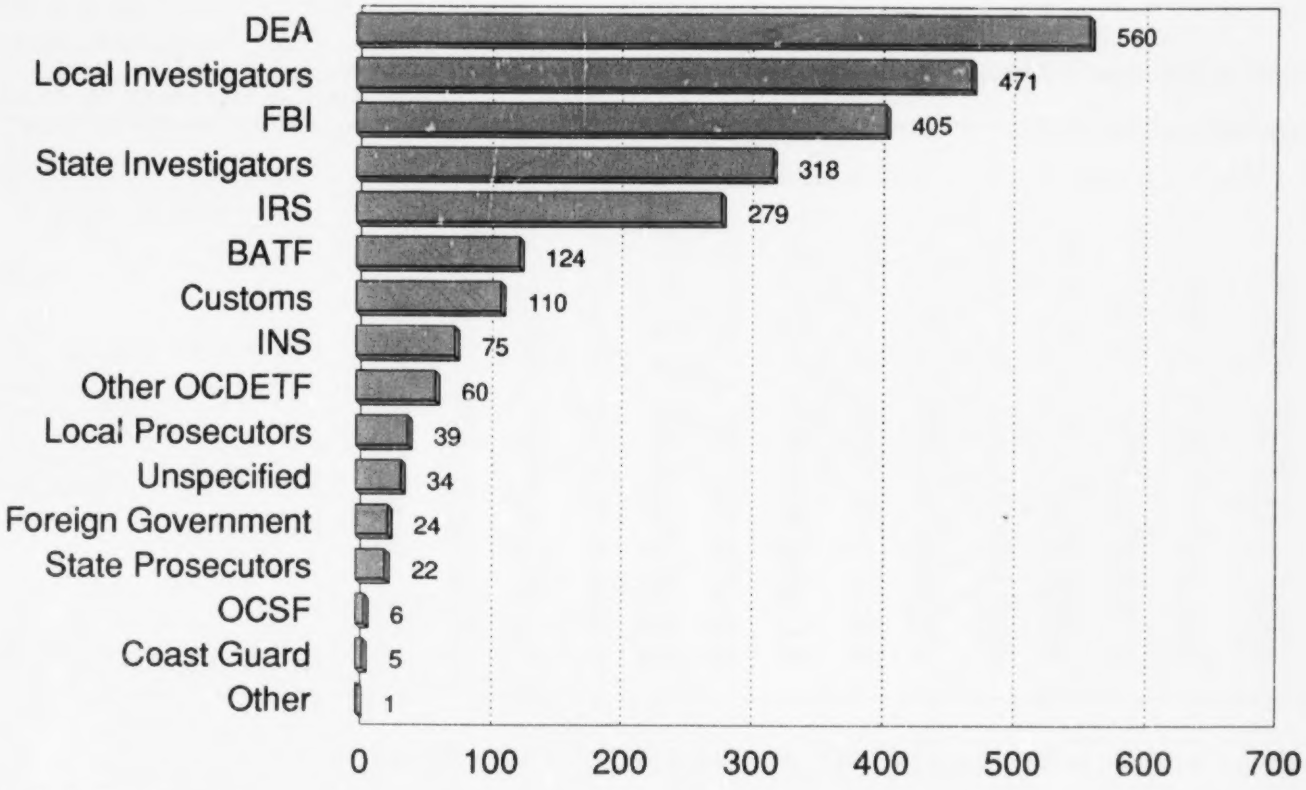
Exhibit 3-10a. - FY 1988
Agency Participation in Investigations Resulting in Charges

	Number of Indictments and Informations*														
Agency	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	Percentage N=933**
Local Investigators	5	21	106	4	26	68	118	17	15	13	25	48	5	471	50.5%
FBI	6	11	29	0	29	66	144	6	29	7	12	61	5	405	43.4%
IRS	13	13	17	2	15	30	80	8	17	5	21	47	11	279	29.9%
Customs	13	8	3	1	9	2	12	0	13	2	0	37	10	110	11.8%
DEA	17	44	12	7	42	70	152	21	26	19	36	94	20	560	60.0%
Local Prosecutors	0	3	0	0	3	7	16	1	3	1	0	5	0	39	4.2%
State Investigators	2	24	41	0	15	39	81	7	16	3	14	75	1	318	34.1%
State Prosecutors	1	0	1	0	3	2	10	0	3	0	1	1	0	22	2.4%
Other OCDETF	4	3	4	0	11	10	9	0	5	1	1	12	0	60	6.4%
Foreign Government	2	1	2	0	2	1	8	1	3	0	0	1	3	24	2.6%
Organized Crime Strike Force (OCSF)	0	0	0	0	6	0	0	0	0	0	0	0	0	6	0.6%
Unspecified	0	0	13	0	3	4	1	0	2	0	0	8	3	34	3.6%
BATF	5	19	3	0	9	9	32	0	11	0	5	28	3	124	13.3%
Coast Guard	0	0	0	0	0	0	0	0	3	0	0	0	2	5	0.5%
INS	0	7	0	0	2	22	28	0	8	0	1	4	3	75	8.0%
Other	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0.1%

* The number of indictments and informations in which this agency participated in either the investigation or prosecution. U.S. Marshals Service and U.S. Attorneys are assumed to be involved in all cases.

** The number of indictments and informations returned in Task Force cases. The percentages show the frequency of participation for each agency. More than one agency is involved in all cases.

Exhibit 3-10b. - FY 1988
Agency Participation* in Investigations Resulting in Charges



*U.S. Marshals Service and
U.S. Attorneys participate in all cases.

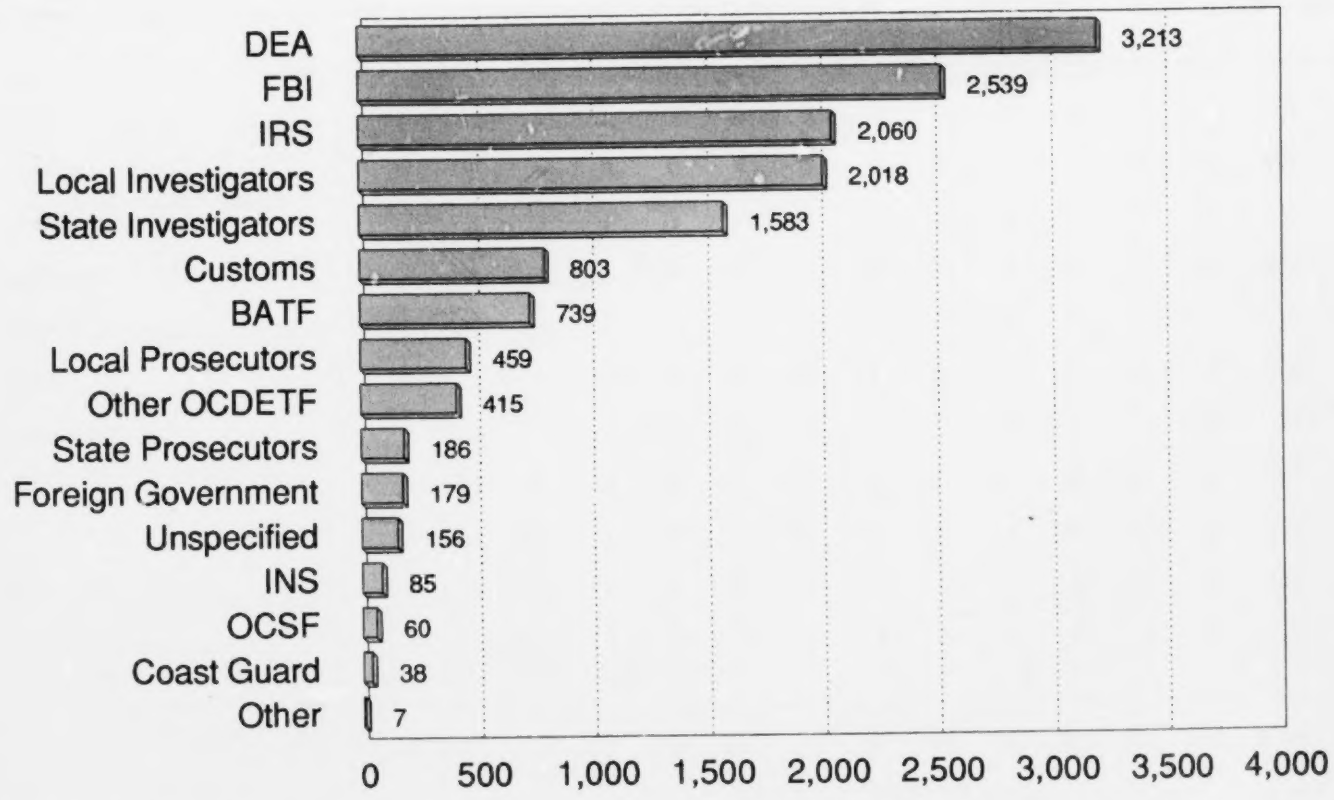
Exhibit 3-10c. - FY 1983 through FY 1988
Agency Participation in Investigations Resulting in Charges

	Number of Indictments and Informations*														Percentage
Agency	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	N=4,917**
Local Investigators	64	121	255	24	362	153	240	95	112	80	198	270	44	2018	41.0%
FBI	43	210	317	26	337	142	323	67	176	115	254	437	92	2539	51.6%
IRS	78	140	408	55	273	87	253	44	107	76	153	259	127	2060	41.9%
Customs	76	84	39	24	108	19	66	7	69	31	3	153	124	803	16.3%
DEA	138	326	160	82	435	187	431	145	196	205	280	445	183	3213	65.3%
Local Prosecutors	3	25	20	5	120	61	46	3	13	57	54	37	15	459	9.3%
State Investigators	36	104	329	40	225	107	191	40	49	51	142	255	14	1583	32.2%
State Prosecutors	6	5	8	15	40	7	17	8	10	25	6	31	8	186	3.8%
Other OCDETF	17	35	24	15	62	18	32	7	20	41	11	78	55	415	8.4%
Foreign Government	12	18	6	14	12	2	15	8	20	35	13	12	12	179	3.6%
Organized Crime Strike Force (OCSF)	2	10	2	0	18	4	3	5	8	6	1	1	0	60	1.2%
Unspecified	5	6	32	1	44	21	6	1	5	3	6	19	7	156	3.2%
BATF	55	79	33	14	142	17	47	17	46	7	67	155	60	739	15.0%
Coast Guard	1	1	1	0	9	0	1	3	7	1	0	2	12	38	0.8%
INS	0	7	5	1	3	22	29	0	9	0	1	4	4	85	1.7%
Other	0	0	0	0	1	2	1	0	0	1	0	2	0	7	0.1%

* The number of indictments and informations in which this agency participated in either the investigation or prosecution. U.S. Marshals Service and U.S. Attorneys are assumed to be involved in all cases.

** The number of indictments and informations returned in Task Force cases. The percentages show the frequency of participation for each agency. More than one agency is involved in all cases.

Exhibit 3-10d. - FY 1983 through FY 1988 Agency Participation* in Investigations Resulting in Charges



*U.S. Marshals Service and
U.S. Attorneys participate in all cases.

Exhibit 3-11a. - FY 1988
Defendants' Roles in Targeted Criminal Organizations
Defendants Charged

Role	Number of Defendants*														Percentage N=2,967**
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	
Corrupt Public Official	2	1	5	0	0	0	1	1	1	0	0	1	3	15	0.5%
Key Contact	18	18	11	0	11	10	29	4	6	6	5	38	4	160	5.4%
Other	57	192	181	4	96	71	111	24	68	19	79	194	39	1135	38.3%
Major Supplier	15	48	62	2	20	52	154	18	14	53	39	143	10	630	21.2%
Major Financial Backer	2	6	1	0	1	1	3	1	1	0	4	7	0	27	0.9%
Top Leader	17	54	32	5	33	36	68	6	12	11	14	62	16	366	12.3%
Major Enforcer	3	1	0	0	0	4	2	1	3	0	3	12	1	30	1.0%
Mid-level Leader	25	69	14	0	24	49	75	10	14	7	31	61	12	391	13.2%
Major Money-launderer	8	7	3	1	3	0	5	0	1	4	1	15	1	49	1.7%
Major Smuggler	24	51	4	0	0	5	2	0	6	7	1	14	8	122	4.1%
Unspecified	6	1	4	1	1	18	2	0	1	1	2	2	3	42	1.4%

* The number of defendants who performed this role in the criminal organization targeted in this investigation and prosecution. Note that if an individual was charged in more than one indictment or information, more than one entry is made for role.

** The number of defendants charged in Task Force indictments and informations. The percentages show the frequency of involvement for each criminal role. Some defendants were charged in more than one indictment or information.

Exhibit 3-11b. - FY 1988
Defendants' Roles in Targeted Criminal Organizations - Defendants Charged

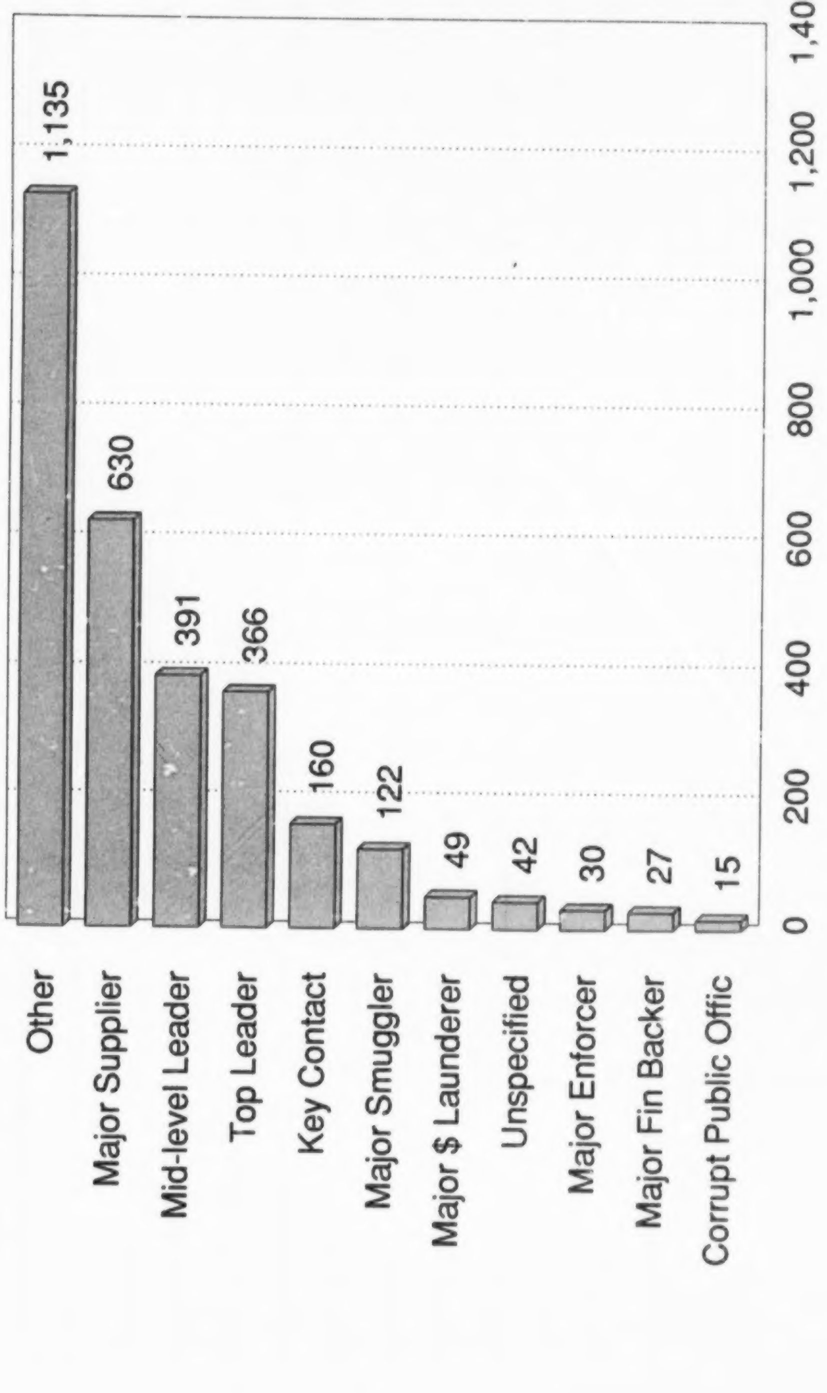


Exhibit 3-11c. - FY 1983 through FY 1988
Defendants' Roles in Targeted Criminal Organizations
Defendants Charged

Role	Number of Defendants*														
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	Percentage N=16,859**
Corrupt Public Official	7	8	14	0	1	0	15	3	4	7	1	18	19	97	0.6%
Key Contact	65	105	82	16	88	28	110	30	31	81	51	129	67	883	5.2%
Other	304	578	861	124	825	252	452	255	366	423	390	762	433	6025	35.7%
Major Supplier	90	299	319	57	337	172	470	160	213	443	222	488	189	3459	20.5%
Major Financial Backer	11	14	11	3	11	2	8	3	5	16	10	27	8	129	0.8%
Top Leader	102	247	195	67	270	120	267	80	110	192	126	288	155	2219	13.2%
Major Enforcer	8	19	18	1	12	8	12	12	16	16	14	29	23	188	1.1%
Mid-level Leader	116	258	242	52	261	323	285	102	117	153	120	351	150	2530	15.0%
Major Money-launderer	69	53	18	64	19	3	32	18	23	44	11	42	52	448	2.7%
Major Smuggler	62	96	65	9	44	6	14	14	36	35	14	71	50	516	3.1%
Unspecified	23	14	33	2	56	28	25	27	8	55	11	42	41	365	2.2%

---

* The number of defendants who performed this role in the criminal organization targeted in this investigation and prosecution. Note that if an individual was charged in more than one indictment or information, more than one entry is made for role.

** The number of defendants charged in Task Force indictments and informations. The percentages show the frequency of involvement for each criminal role. Some defendants were charged in more than one indictment or information.

Exhibit 3-11d. - FY 1983 through FY 1988 Defendants' Roles in Targeted Criminal Organizations - Defendants Charged

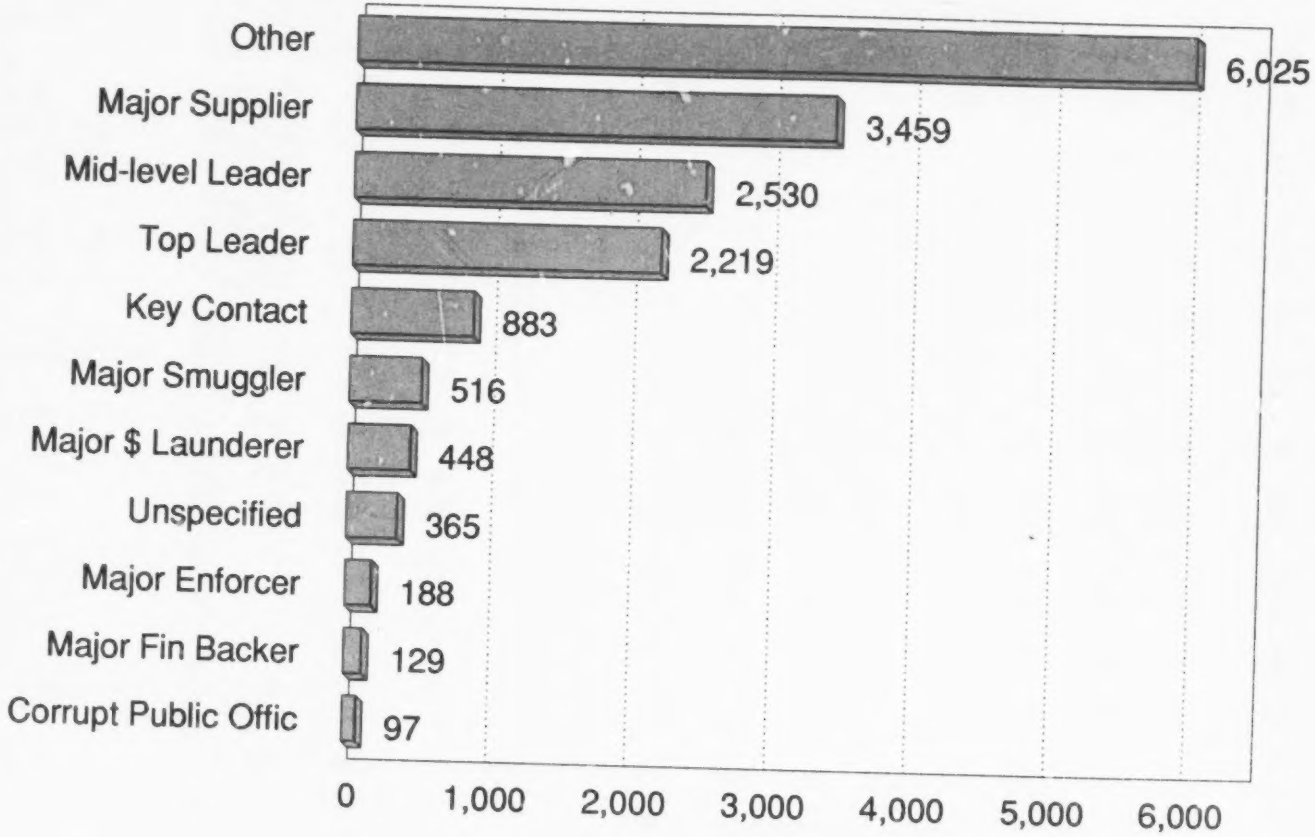


Exhibit 3-12a - FY 1988
Offenses Charged
Defendants Charged

	Number of Defendants Charged														
Offense	**FC**	**GC**	**GL**	**LA**	**MA**	**MS**	**NC**	**NE**	**NW**	**NY**	**SC**	**SE**	**SW**	**Total**	**Percentage N=2,967***
Title 18: RICO	9	6	13	0	0	2	4	0	0	2	9	10	0	55	1.9%
Title 21: Importation	67	182	8	1	41	26	24	0	27	2	6	92	12	488	16.4%
Title 21: Use of Communication Facility	0	36	49	0	21	40	97	2	27	0	23	68	9	372	12.5%
Title 18: ITAR	3	117	25	0	15	24	58	0	10	9	17	43	18	339	11.4%
Title 21: Distribution	63	319	238	10	115	183	287	37	94	45	74	331	45	1841	62.0%
Other	24	191	44	3	51	41	60	8	12	21	16	82	6	559	18.8%
Title 21: Conspiracy	146	393	184	9	119	149	388	55	103	101	146	430	86	2309	77.8%
Title 26: Tax Violations	3	6	29	1	10	7	23	3	1	9	9	12	2	115	3.9%
Title 21: CCE	8	15	7	0	2	11	11	4	8	3	7	17	4	97	3.3%
Title 18: Tax Conspiracy	3	0	10	1	2	0	5	2	2	1	4	12	0	42	1.4%
Title 18: Non-tax Conspiracy	30	23	9	0	5	0	11	0	7	0	0	9	45	139	4.7%
Title 18: Hobbs Act	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0.0%
Title 31: Currency Violations	9	3	3	0	6	1	3	0	5	0	1	10	3	44	1.5%
Title 18, 26: Firearms	4	22	17	0	13	20	6	3	11	10	16	25	7	154	5.2%
Title 21: Manufacture	15	10	0	3	2	8	6	0	6	1	1	15	1	68	2.3%
Unspecified	0	0	0	0	1	2	0	0	0	0	1	1	0	5	0.2%

* The number of defendants charged in Task Force indictments and informations.The percentages show the frequency with which each offense is charged. Many defendants were charged with more than one offense. Some defendants were charged in more than one indictment or information.

Exhibit 3-12b. - FY 1988
Offenses Charged

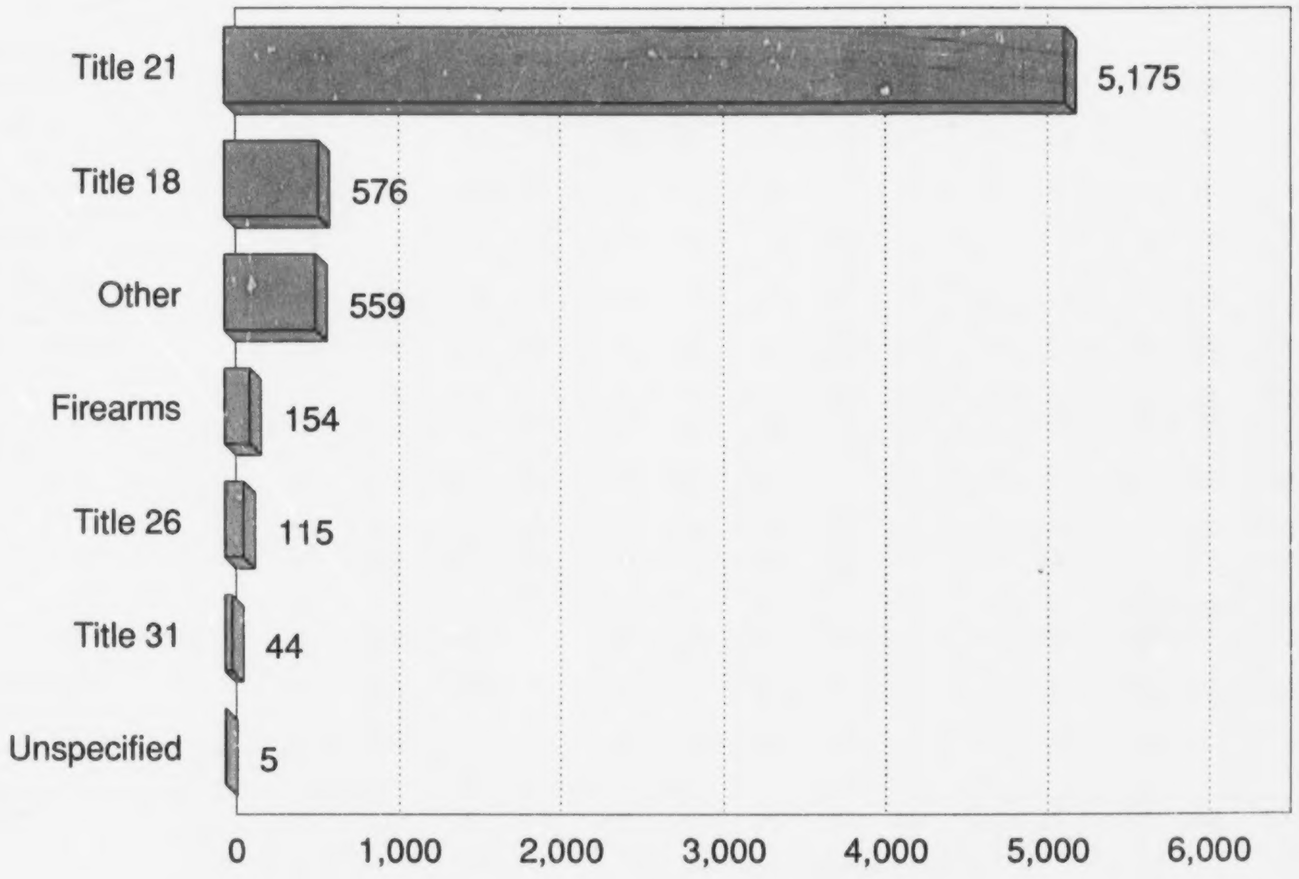


Exhibit 3-12c. - FY 1983 through FY 1988
Offenses Charged
Defendants Charged

Offense	Number of Defendants Charged														
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	Percentage N=16,859*
Title 18: RICO	120	100	183	7	83	12	115	30	5	123	19	85	52	934	5.5%
Title 21: Importation	281	519	86	22	152	56	97	85	142	137	29	483	177	2266	13.4%
Title 21: Use of Communication Facility	26	160	244	32	213	256	414	62	152	187	163	258	168	2335	13.9%
Title 18: ITAR	33	269	232	29	200	110	213	32	135	68	85	323	166	1895	11.2%
Title 21: Distribution	381	1022	1054	217	1058	639	914	419	585	574	316	1275	468	8922	52.9%
Other	191	486	403	140	461	319	412	73	208	448	197	407	386	4131	24.5%
Title 21: Conspiracy	556	1338	1302	327	1464	739	1294	614	765	1205	716	1657	951	12928	76.7%
Title 26: Tax Violations	22	79	145	9	113	35	93	18	35	34	63	96	43	785	4.7%
Title 21: CCE	44	70	102	12	94	30	92	20	64	61	60	96	39	784	4.7%
Title 18: Tax Conspiracy	22	29	122	46	25	13	41	16	19	9	34	39	54	469	2.8%
Title 18: Non-tax Conspiracy	96	69	72	26	39	2	17	1	26	33	8	60	166	615	3.6%
Title 18: Hobbs Act	1	6	5	0	1	11	2	0	0	0	2	2	0	30	0.2%
Title 31: Currency Violations	50	24	24	39	42	9	25	1	33	36	4	56	87	430	2.6%
Title 18, 26: Firearms	37	64	50	16	86	41	23	23	68	28	39	111	90	676	4.0%
Title 21: Manufacture	24	53	35	15	47	9	16	2	106	3	26	32	36	404	2.4%
Unspecified	8	0	4	0	1	3	4	0	1	8	2	3	6	40	0.2%

---

* The number of defendants charged in Task Force indictments and informations. The percentages show the frequency with which each offense is charged. Many defendants were charged with more than one offense. Some defendants were charged in more than one indictment or information.

Exhibit 3-12d. - FY 1983 through FY 1988
Offenses Charged

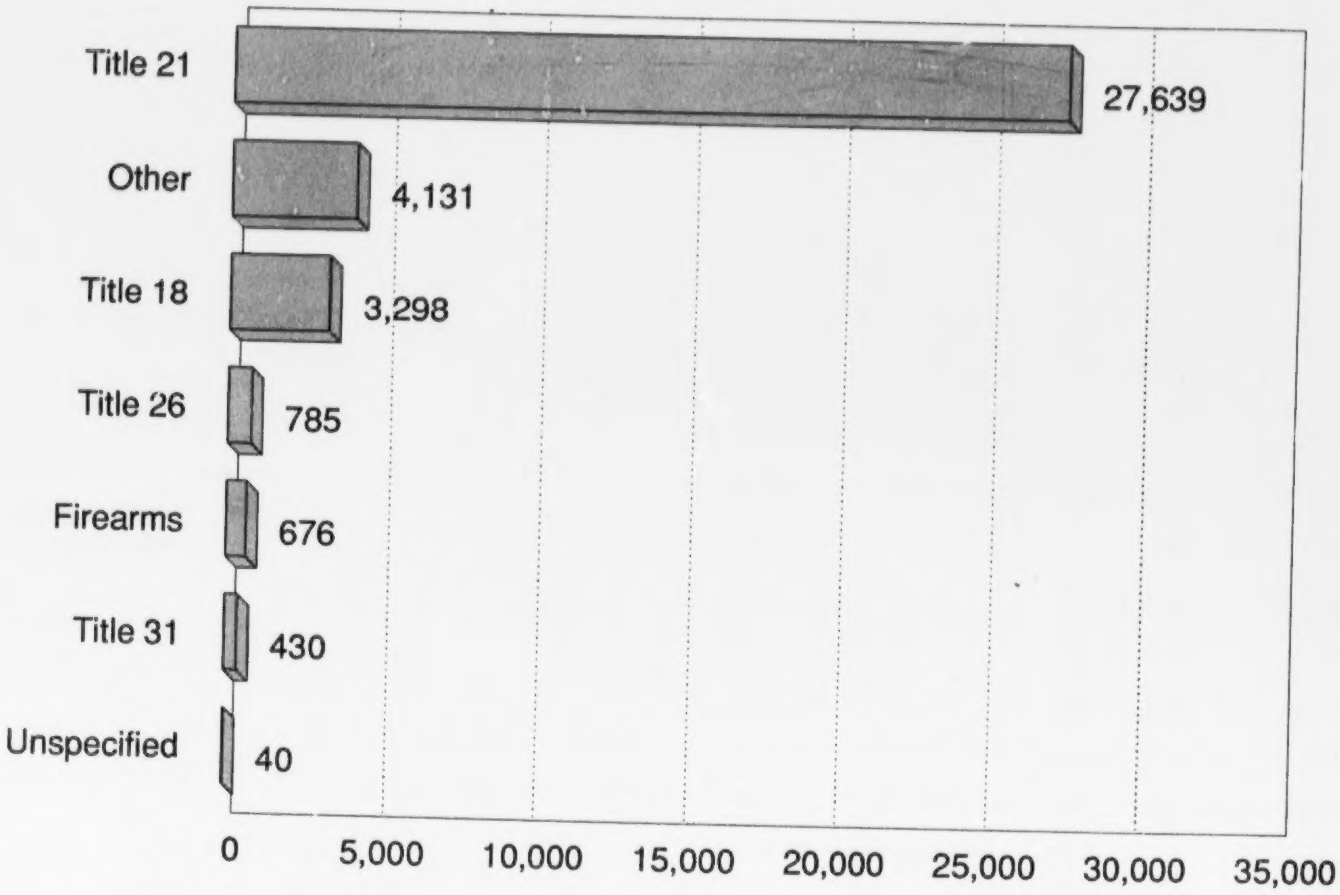


Exhibit 3-13a. - FY 1988
Dispositions by Defendant in Cases Adjudicated

Disposition	Number of Defendants														Percentage of Adjudicated Defendants N=1,541
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	
Pled/Found Guilty	29	156	206	27	199	86	155	4	79	50	76	174	81	1322	85.8%
Dismissed/Acquitted on All Charges	4	39	16	3	30	9	12	1	14	14	13	43	21	219	14.2%
Disposition Information not Available	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Exhibit 3-13b. - FY 1988
Dispositions by Defendant

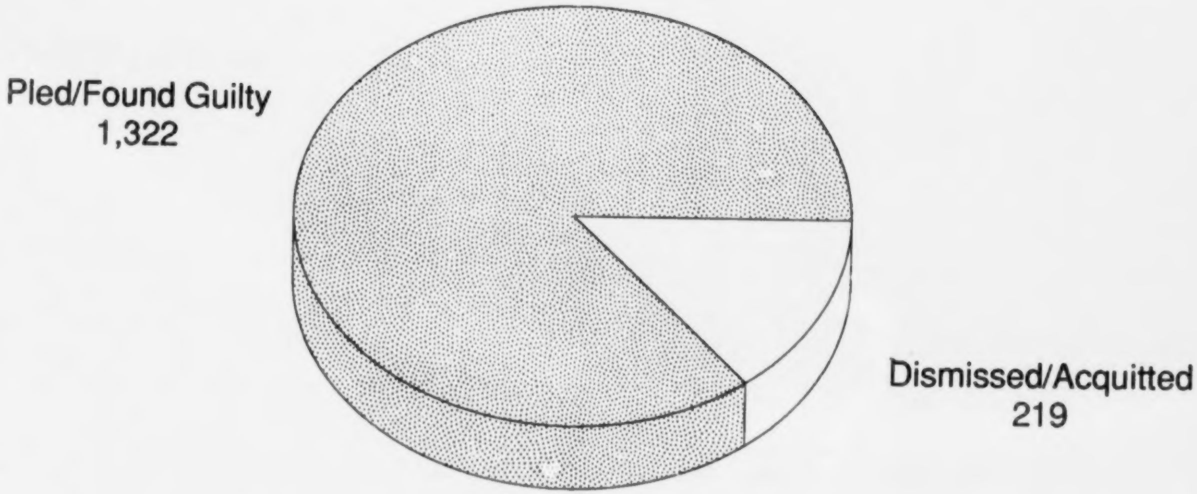
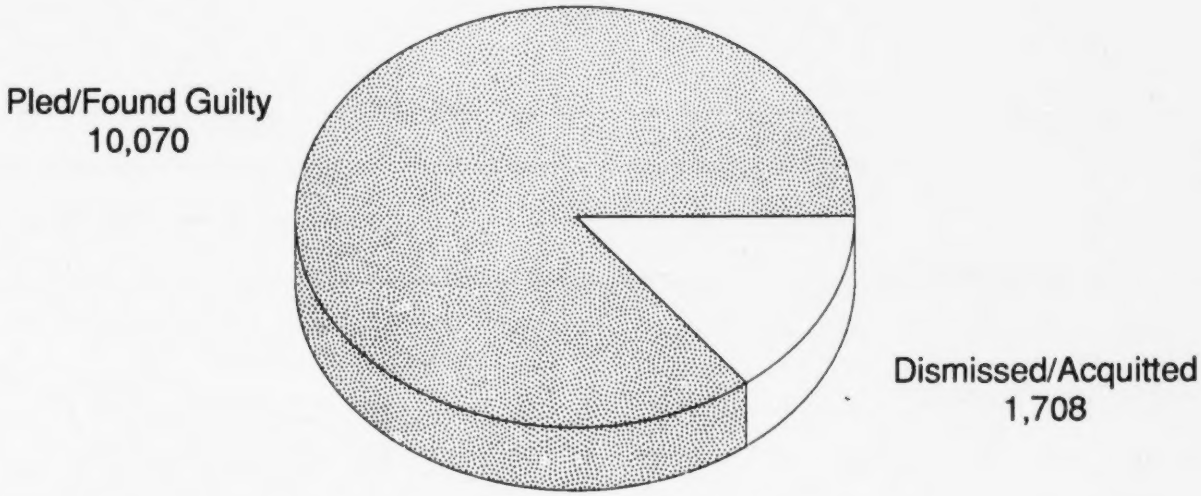


Exhibit 3-13c. - FY 1983 through FY 1988
Dispositions by Defendant in Cases Adjudicated

Disposition	Number of Defendants														Percentage of Adjudicated Defendants N=11,788
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	
Pled/Found Guilty	301	914	1200	211	1370	594	957	454	516	948	691	1299	615	10070	85.4%
Dismissed/Acquitted on All Charges	72	190	166	34	208	113	132	50	61	201	82	242	157	1708	14.5%
Disposition Information not Available	0	0	5	0	0	0	1	0	1	1	0	0	2	10	

Exhibit 3-13d. - FY 1983 through FY 1988 Dispositions by Defendant*



*Disposition information is not available for 10 defendants.

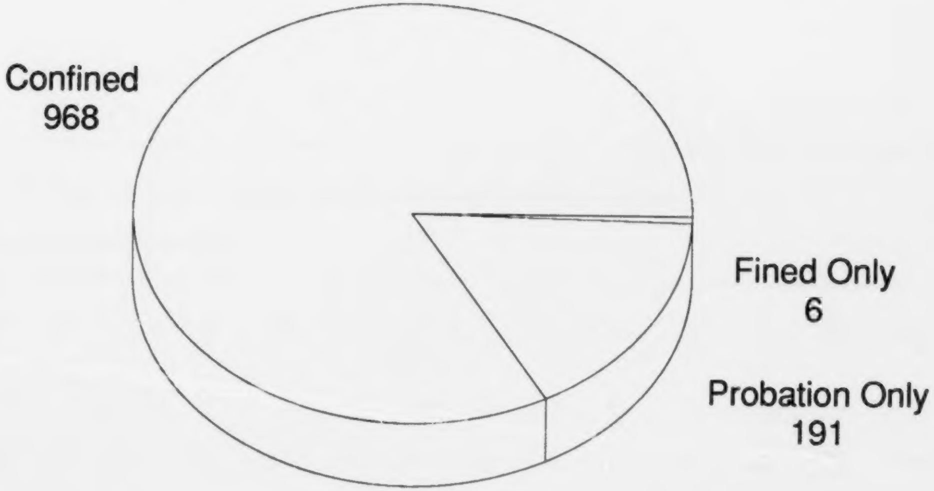
Exhibit 3-14a. - FY 1988
Sentences Imposed on Defendants Convicted

	Number of Defendants Sentenced														
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	Percentage of Sentenced Defendants N=1,165
Confined	17	125	138	23	153	69	128	3	56	31	46	135	44	968	83.1%
Probation Only	6	26	32	4	25	11	23	0	22	7	3	16	16	191	16.4%
Fined Only	0	0	1	0	1	1	1	0	1	0	0	1	0	6	0.5%
Convicted but No Sentencing Data*	6	5	35	0	20	5	3	1	0	12	27	22	21	157	

* Includes deferred sentences and/or ''no sentence rendered yet.''

Note: The total number of defendants convicted is 1,322; no sentencing data was available for 157 defendants.

Exhibit 3-14b. - FY 1988
All OCDETF Convictions*



*157 defendants have been convicted but not yet sentenced.

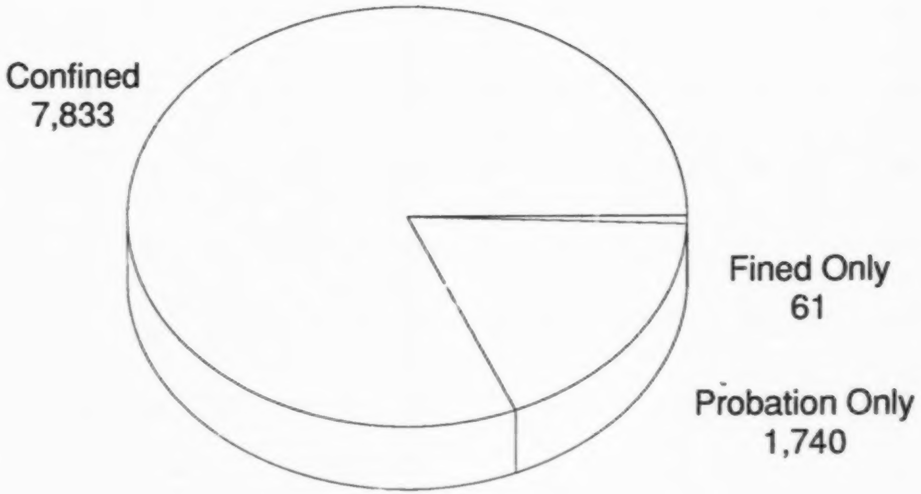
Exhibit 3-14c. - FY 1983 through FY 1988
Sentences Imposed on Defendants Convicted

	Number of Defendants Sentenced														Percentage of Sentenced Defendants
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	N=9,634
Confined	258	764	901	174	1120	457	777	376	399	617	555	1081	354	7833	81.3%
Probation Only	29	121	245	29	220	121	161	69	114	211	92	162	166	1740	18.1%
Fined Only	2	1	7	0	4	1	8	5	2	13	7	9	2	61	0.6%
Convicted but No Sentencing Data*	12	28	47	8	26	15	11	4	1	107	37	47	93	436	

*Includes deferred sentences and/or "no sentence rendered yet."

Note: The total number of defendants convicted is 10,070; no sentencing data was available for 436 defendants.

Exhibit 3-14d. - FY 1983 through FY 1988
All OCDETF Convictions*



*436 defendants have been convicted but not yet sentenced.

Exhibit 3-15a. - FY 1988
Net Prison Terms Imposed* on Defendants Sentenced to Confinement

Term	Number of Defendants Sentenced														Percentage of Sentenced Defendants N=968
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	
1 Month to 1 Year, 11 Months	2	12	28	7	24	14	23	0	10	2	11	14	7	154	15.9%
2 Years to 4 Years, 11 Months	8	23	47	3	34	39	36	1	19	13	16	31	19	289	29.9%
5 Years to 9 Years, 11 Months	5	44	30	4	48	8	31	0	15	8	13	39	17	262	27.1%
10 Years to 14 Years, 11 Months	1	18	18	6	25	4	15	2	5	3	3	33	1	134	13.8%
15 Years to 19 Years, 11 Months	0	15	5	1	10	4	14	0	5	3	3	9	0	69	7.1%
20 Years to 24 Years, 11 Months	1	8	2	1	4	0	1	0	0	0	0	3	0	20	2.1%
25 Years to 44 Years, 11 Months	0	4	6	1	7	0	5	0	0	1	0	4	0	28	2.9%
45 Years or More	0	1	2	0	1	0	3	0	2	1	0	2	0	12	1.2%

* The total of all consecutive sentences imposed for the defendant (does not include any concurrent or suspended sentences imposed).

Exhibit 3-15b. - FY 1988
Net Prison Terms Imposed on Defendants Sentenced to Confinement

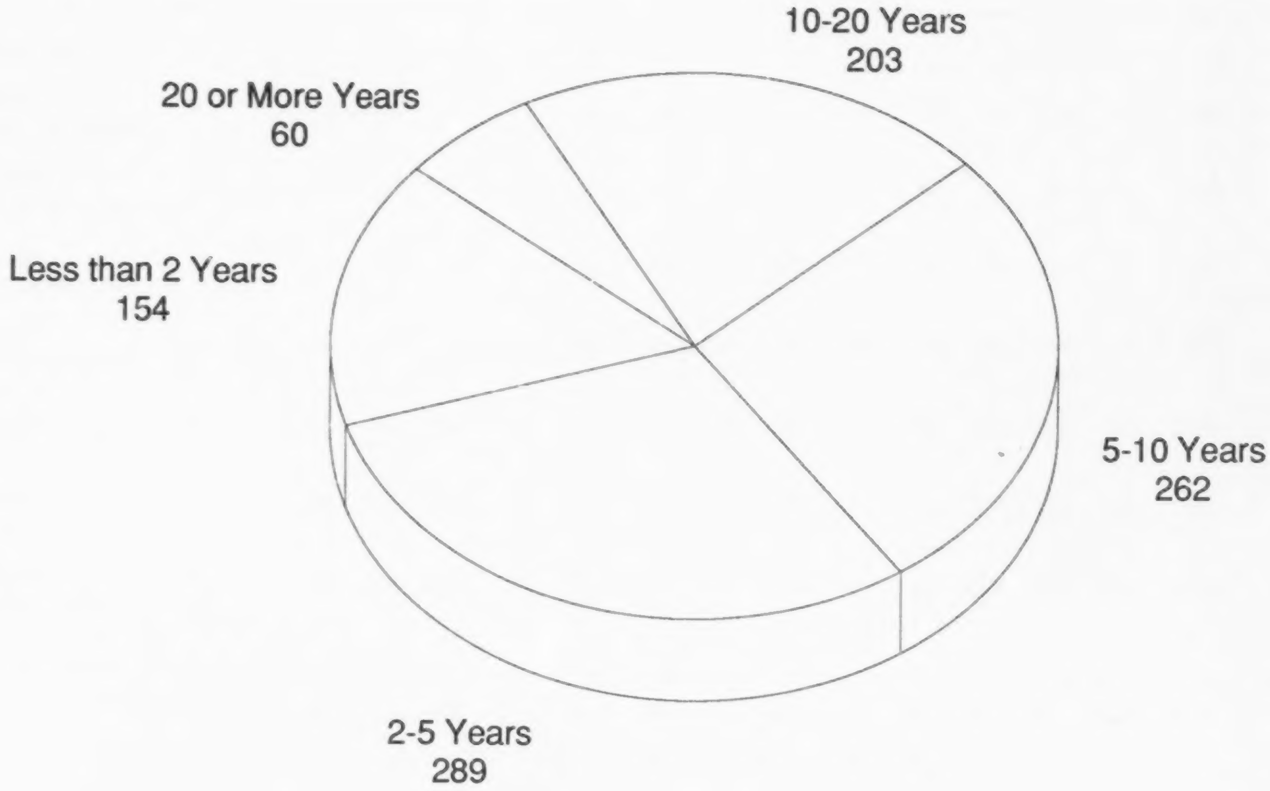


Exhibit 3-15c. - FY 1983 through FY 1988
Net Prison Terms Imposed* on Defendants Sentenced to Confinement

Term	Number of Defendants Sentenced														Percentage of Sentenced Defendants N=7,833
	FC	GC	GL	LA	MA	MS	NC	NE	NW	NY	SC	SE	SW	Total	
1 Month to 1 Year, 11 Months	25	99	193	34	217	97	134	61	77	97	108	108	104	1354	17.3%
2 Years to 4 Years, 11 Months	84	196	286	45	308	186	259	156	127	232	203	286	120	2488	31.8%
5 Years to 9 Years, 11 Months	88	243	233	48	328	108	195	91	107	159	141	361	84	2186	27.9%
10 Years to 14 Years, 11 Months	26	105	97	28	142	39	94	38	48	62	43	163	25	910	11.6%
15 Years to 19 Years, 11 Months	15	58	42	12	63	19	41	12	25	31	34	84	10	446	5.7%
20 Years to 24 Years, 11 Months	13	32	22	3	17	4	24	7	7	13	13	30	4	189	2.4%
25 Years to 44 Years, 11 Months	6	24	21	3	37	3	24	10	6	16	9	36	5	200	2.6%
45 Years or More	1	7	7	1	8	1	6	1	2	7	4	13	2	60	0.8%

* The total of all consecutive sentences imposed for the defendant (does not include any concurrent or suspended sentences imposed).

Exhibit 3-15d. - FY 1983 through FY 1988
Net Prison Terms Imposed on Defendants
Sentenced to Confinement

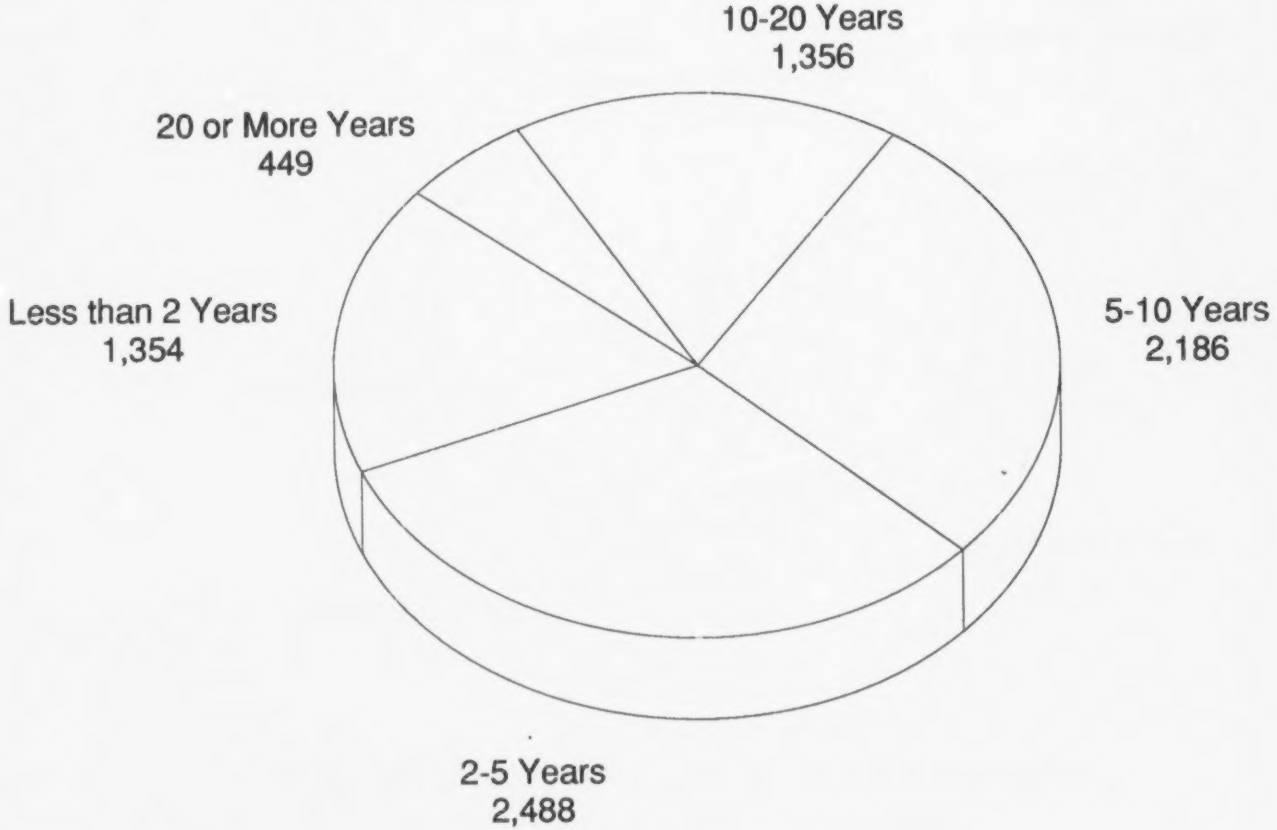
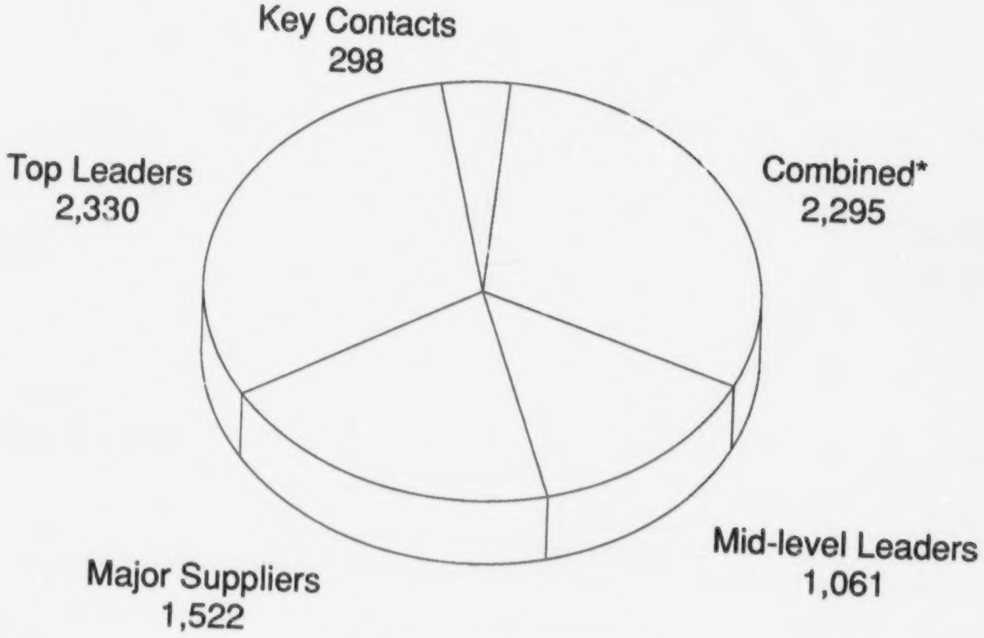
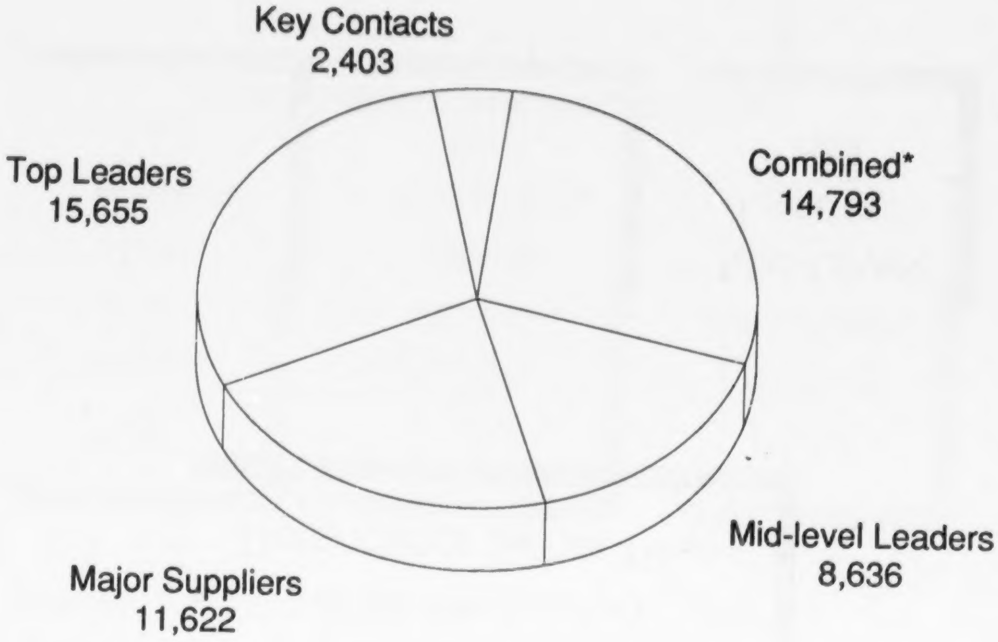


Exhibit 3-16a. - FY 1988
Total Number of Years of Imprisonment by Criminal Role



*Other 1,805; Corrupt Officials 24; Smugglers 116; Financiers 123; Money Launderers 190; Enforcers 37.

Exhibit 3-16b. - FY 1983 through FY 1988 Total Number of Years of Imprisonment by Criminal Role



*Other 11,477; Corrupt Officials 213; Smugglers 1,249; Financiers 436; Money Launderers 737; Enforcers 681.

Exhibit 3-17a. - FY 1988 OCDETF Convictions

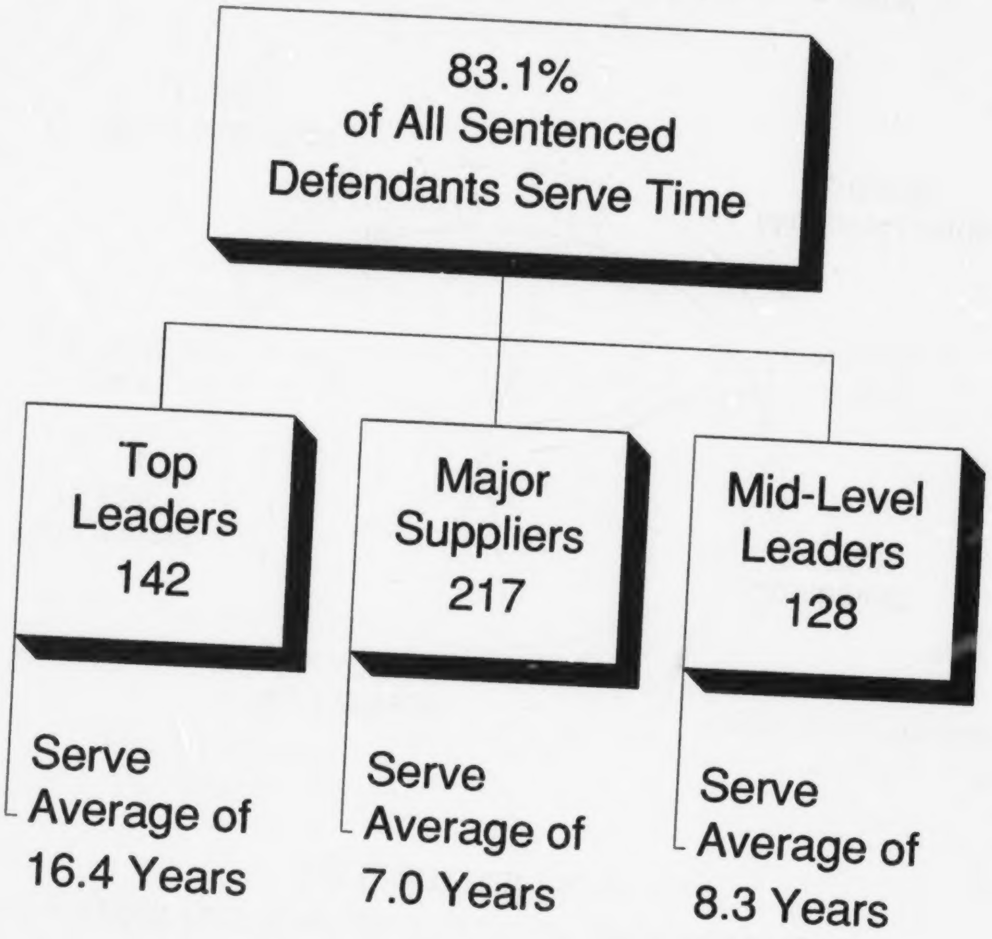

83.1%
of All Sentenced
Defendants Serve Time
Top
Leaders
142
Serve
Average of
16.4 Years
Major
Suppliers
217
Serve
Average of
7.0 Years
Mid-Level
Leaders
128
Serve
Average of
8.3 Years

Exhibit 3-17b. - FY 1983 through FY 1988
OCDETF Convictions

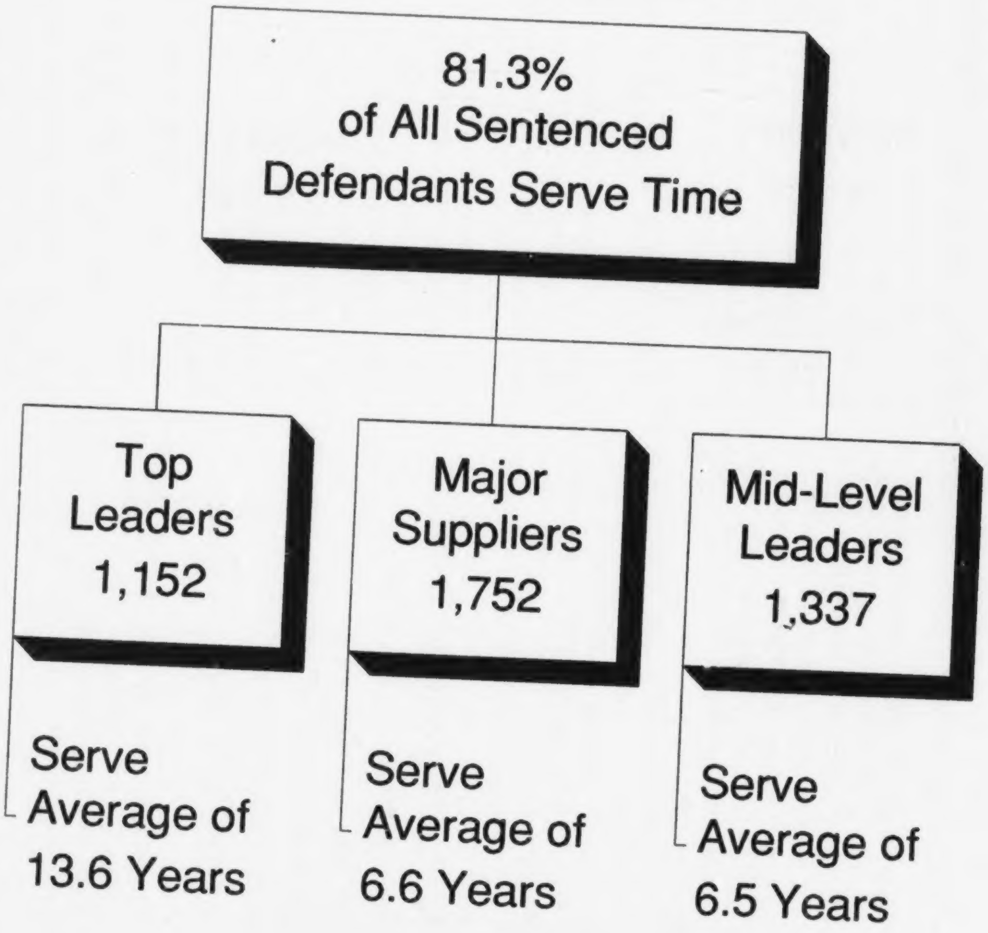
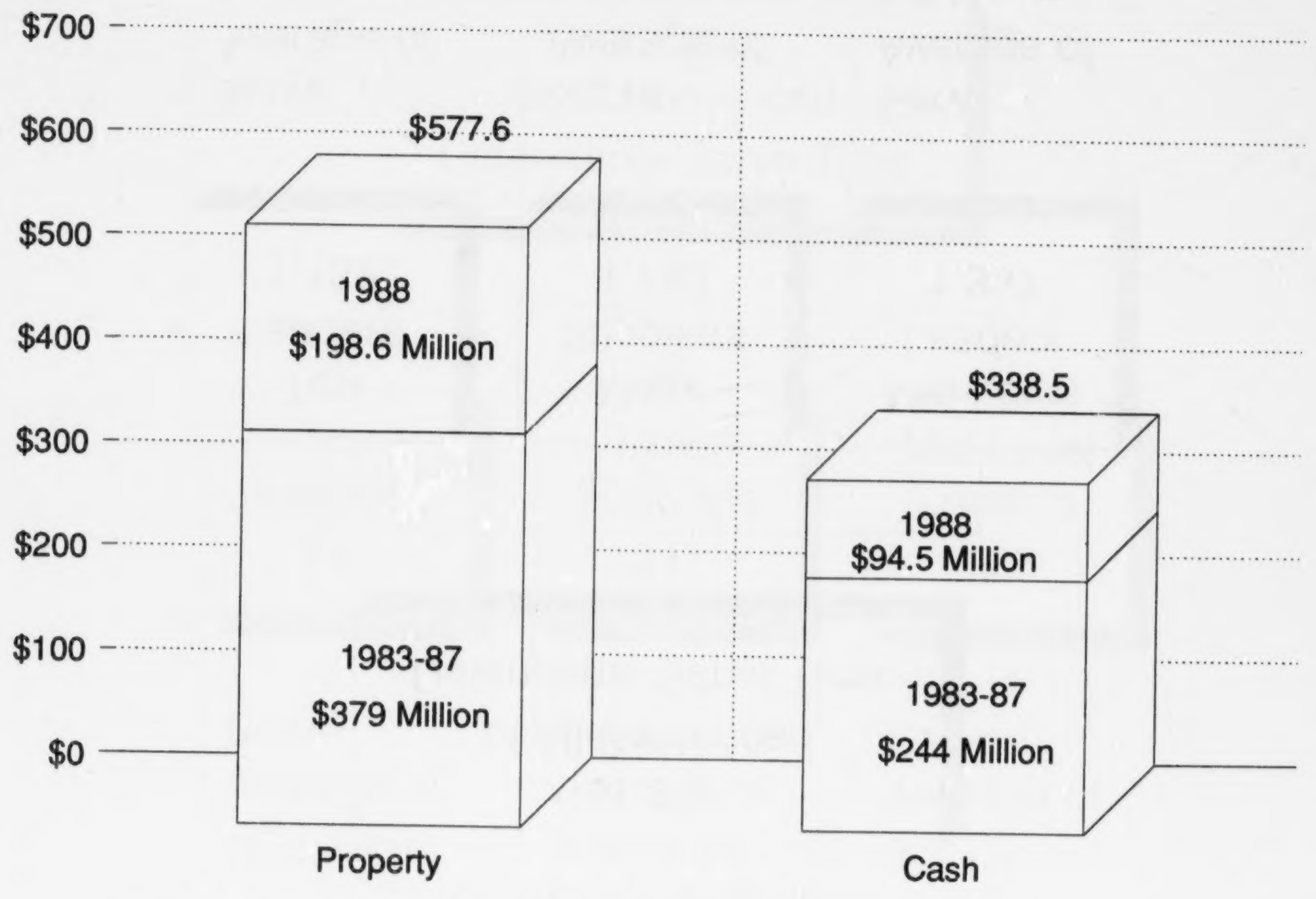

81.3%
of All Sentenced
Defendants Serve Time
Top
Leaders
1,152
Serve
Average of
13.6 Years
Major
Suppliers
1,752
Serve
Average of
6.6 Years
Mid-Level
Leaders
1,337
Serve
Average of
6.5 Years

Exhibit 3-18 - FY 1983 through FY 1988
Non-Drug Assets Seized



IV.
Legislative Initiatives

The Comprehensive Crime Control Act of 1984 and the Anti-Drug Abuse Act of 1986 strengthened both the investigative and the prosecutorial arms of the Task Force Program as outlined in earlier OCDETF reports. In 1988, additional legislation was passed that provides Task Force personnel with more effective means of combatting drug abuse both nationally and internationally.

The Anti-Drug Abuse Act of 1988

The Anti-Drug Abuse Act of 1988 was signed into law on November 21, 1988, as Public Law 100-690. The legislation was designed to complement earlier statutes and to provide for an omnibus Federal, State, and local effort to combat illicit substance abuse. It calls for the creation of a Cabinet-level position to centralize and streamline Federal activities with respect to both drug supply (eradication, interdiction, and law enforcement) and drug demand (prevention, education, and treatment). It expands Federal support to ensure a long-term commitment of resources and personnel for substance abuse education, for treatment and rehabilitation efforts, and for strengthening and improving the enforcement of narcotics statutes.

Summary of Drug-Related Provisions

The following provisions of Public Law 100-690 will be of great assistance in Federal drug law enforcement as well as in demand reduction:

Title I, Coordination of National Drug Policy

This title establishes in the Executive Office of the President the Office of National Drug Control Policy, headed by a Director with two Deputy Directors--one for demand reduction, the second for supply reduction. A Bureau of State and Local Affairs is also established. The Director is required to prepare a national drug-control strategy and to make recommendations to the President on changes in the organization, management, and budgets of Federal departments and agencies engaged in drug enforcement. The strategy will be submitted to Congress on an annual basis. The Director is further charged with developing a yearly, consolidated drug-control budget with the advice of the appropriate Federal agencies. The Director is also charged with certifying as to the adequacy of each agency's budget request with regard to implementation of the drug-control strategy. "Veto" authority over reprogramming of more than $5 million is granted.

> ***The Anti-Drug Abuse Act of 1988 . . . calls for the creation of a Cabinet-level position to centralize and streamline Federal activities with respect to both drug supply . . . and drug demand***

The Director and the Attorney General are required to report to Congress by November 21, 1989, on possible organizational changes within the Department of Justice that would promote better criminal and civil law enforcement.

Finally, Title I requires the Attorney General, beginning in FY 1990, to submit a consolidated appropriations request for all expenses relating to the Organized Crime Drug Enforcement Task Force Program by all participating Federal agencies.

Title II, Treatment and Prevention Programs

This title authorizes funds for a variety of programs and studies on drug and alcohol abuse treatment. It also provides penalties and fines for persons convicted of trafficking in anabolic steroids for human consumption and requires a General Accounting Office (GAO) study on the use of anabolic steroids and human growth hormones. A final section requires the establishment of a Federal Task Force on Illegal Drug Laboratories to formulate and implement a plan for the cleanup and disposal of hazardous waste produced by illicit drug laboratories as well as authorizes an Attorney General Grant Program to enable such cleanup to be undertaken by State and local governments.

Title III, Drug Abuse Education and Prevention

This title authorizes funds for education and prevention programs to reduce participation in youth gangs, assist runaway and homeless youth, and establish community programs for young adults.

Title IV, the International Narcotics Control Act of 1988

This title authorizes funds for international narcotics control programs, including the training of foreign law enforcement personnel, and for military assistance for anti-narcotics efforts. It also requires the Secretary of State to develop a multinational plan to reduce the international cocaine trade and directs the Ambassador to the Organization of American States to begin diplomatic initiatives on the formation of a multinational force to conduct operations against international drug trafficking. It urges the Treasury Secretary to negotiate with his foreign counterparts to establish an international currency control agency that would encourage the adoption of uniform cash transaction and money laundering statutes as well as maintain and make available to U.S. law enforcement officials data concerning large U.S. currency transactions.

Title V, User Accountability

This title terminates the tenancy of public housing tenants who engage in criminal drug activity on or near public housing. Termination would also be effectuated by similar activity by members of the tenants' households or the tenants' guests. This section also calls for all Federal contractors or grant recipients to certify that they provide a drug-free workplace by informing employees that the use of illegal drugs will result in sanctions against them. It also gives courts, at their discretion, the ability to deny a wide range of Federal benefits to individuals convicted of drug-related offenses.

Title VI, the Anti-Drug Abuse Amendments of 1988

This title requires individuals engaged in regulated transactions of certain precursor chemicals used in the manufacturing of controlled substances to maintain records of transactions and to make them available to the Attorney General upon request. It also requires the development of "innocent owner" regulations to ensure that no conveyance used in drug-related violations would be forfeited if it can be established that the violation occurred without the knowledge or consent of the owner.

Title VII, Death Penalty and Other Criminal Law Enforcement

This title allows the imposition of the death penalty for persons convicted of engaging in, or working in furtherance of, a drug-related felony that results in the death of an individual.

V.

Conclusion

This Annual Report of the Organized Crime Drug Enforcement Task Force Program concentrates on two specific aspects of the war on drugs. The first focus is on the current availability and patterns of abuse of those substances that constitute the drug traffickers' illicit pharmacy, followed by a description of the evolving and emerging trafficking organizations themselves. This section identifies elements which illustrate the fluidity of the organizations and describes the ways in which they reshape themselves and their alliances with other manufacturing, trafficking, and money laundering groups.

The second focus of this Annual Report is on the accomplishments of the 13 Organized Crime Drug Enforcement Task Forces. By presenting both the statistics for FY 1988 and the cumulative statistics for the activities of the Task Forces from inception in October 1982 through FY 1988, it becomes obvious that the OCDETF Program is living up to the promise its designers envisioned. Thus, while avoiding the creation of a new bureaucracy, Federal investigative and prosecutorial agencies have been able to join with each other and their State and local counterparts to implement a program that has become the principal force in the war on the top leadership of the drug trafficking organizations.

Having stated this, it is understandable that skeptics might decry the OCDETF effort--citing the relentless parade of drug-related violence that has become a numbing staple of daily newspaper and television reports. Responding to the skeptics is best done by citing the cumulative statistics of the OCDETF Program and by asking: what would the news reports be were it not for the successes of the Task Forces over the last six years?

These successes were not the product of chance nor did they result from conducting business as usual. Rather, they are attributable to the effectiveness of the flexible OCDETF structure hammered out in late 1982 and early 1983. The Task Forces have fostered an environment in which inter-agency rivalries give way to the development of creative responses to common problems.

Not specifically emphasized in the body of this Annual Report, but nonetheless worthy of mention in any summary of the achievements of the OCDETF Program, is the extent to which the individuals participating in the Task Forces--be they Federal, State, or local, investigative or prosecutorial--have subordinated agency chauvinism to the goal of dismantling drug trafficking organizations.

Visits to the Task Force offices have uncovered example after example of men and women working together in ways many thought not possible prior to their involvement in the OCDETF Program.

Visits to the Task Force offices have uncovered example after example of men and women working together in ways many thought not possible prior to their involvement in the OCDETF Program. This is especially gratifying to those responsible for the implementation of the Program who saw that one measure of success would be the ability of those assigned to Task Force cases to respond creatively, quickly, and aggressively to the changing nature of organized criminal enterprises. This unique ability to tailor responses to meet new challenges is illustrated by the following examples:

o Among the most violent and rapidly expanding drug trafficking groups are the Jamaican posses. In 1987, it became apparent that four of these--the Shower, Waterbase, Spangler, and

Montego Bay posses--had become prime actors in the importation and distribution of cocaine and marijuana in the Cleveland, Ohio, area. The Great Lakes Task Force responded in 1988 by creating the Caribbean Task Force for the Northern District of Ohio. The Task Force is co-housed in the offices of the United States Attorney and consists of 15 full-time and nine part-time agents and attorneys. The Task Force is complemented by the Special Weapons and Tactics (SWAT) Team of the Cleveland Police Department. Twelve Federal, State, and local agencies are currently actively participating in the program.

o The increased involvement of Los Angeles street gangs in drug trafficking and firearms violations triggered the development of a dedicated unit within the Los Angeles-Nevada Task Force to combat the gangs' influence. Under the direction of the United States Attorney's office, the Los Angeles Gang Task Force combines the intelligence and operational skills of Federal, State, and local law enforcement agencies and is viewed as a model for street gang investigations and prosecutors throughout the country.

o Jointly developed and shared intelligence is essential to the Task Force Program goal. Innovative FBI and DEA leaders recognized this and developed a creative response in the form of the FBI/DEA Intelligence Unit in Miami. The Florida-Caribbean Task Force has relied heavily on the products of this intelligence unit. This joint intelligence unit concept is being replicated in other Task Forces.

o One important feature of the OCDETF model has been the provision of a special fund from which to reimburse State and local law enforcement agencies for overtime and travel expenses incurred in conjunction with Task Force cases. In response to the growing narcotics problem in its region, the Gulf Coast Task Force has, over the years, expanded the scope of its funding of State and local participation. To better coordinate and control this expanding effort, the OCDETF coordinators established a Financial Committee in FY 1988 that meets weekly. At each meeting the 60 or more State and local agreements are examined and issues of fund expenditure and obligation are discussed. Coordinators are now better able to keep up to date on cases from across the region, to spot problems or needs, and to facilitate the provision of resources as warranted.

The innovative OCDETF approach has produced impressive results in FY 1988. Four hundred and forty-eight cases were initiated; 2,967 defendants were charged in Task Force indictments; and, of the 1,541 defendants whose cases were adjudicated, 1,322 were convicted.

One final point worthy of additional emphasis is the FY 1988 record of cash and other non-drug asset seizures in OCDETF cases. These seizures were valued at $293.1 million for the year. With the recent addition of asset seizure and forfeiture units within many U.S. Attorneys' offices, these figures should increase, assuring that the major illicit drug organization leaders will be paying for the investigations and trials that lead to their imprisonment.

Appendix
A

Organized Crime Drug Enforcement Task Force
Executive Review Board

Associate Attorney General
Chairman

Deputy Associate Attorney General
Executive Director

Assistant Attorney General
Tax Division

Assistant Commissioner (Enforcement)
United States Customs Service

Director
Bureau of Alcohol, Tobacco and Firearms

Director
United States Marshals Service

Administrator
Drug Enforcement Administration

Assistant Attorney General
Justice Management Division

Director
Immigration and Naturalization Service

Representative of the
United States Attorneys

Assistant Attorney General
Criminal Division

Director
Executive Office for United States Attorneys

Commandant
United States Coast Guard

Assistant Secretary
(Enforcement and Operations)
Department of the Treasury

Assistant Commissioner
(Criminal Investigation)
Internal Revenue Service

Director
Federal Bureau of Investigation

Chairman
Attorney General's Advisory Committee

Appendix
B

Organized Crime Drug Enforcement Task Force Washington Agency Representatives Group

Deputy Associate Attorney General
Chairman

Director, OCDETF Administrative Staff
Vice-Chairman

DEPARTMENT OF JUSTICE

AUSA Coordinator:	Assistant U.S. Attorney
Criminal Division:	Chief Narcotics and Dangerous Drugs Section
Drug Enforcement Administration :	Deputy Assistant Administrator for Operations Deputy Assistant Administrator Office of Investigative Support Chief Task Force Section Staff Coordinator Task Force Section
Executive Office for United States Attorneys:	Deputy Director Deputy Director, OCDETF Administrative Staff Management Analyst Administrative Staff

Federal Bureau of Investigation:	Deputy Assistant Director Criminal Investigative Division
	Section Chief Drug Section Criminal Investigative Division
	Assistant Section Chief Narcotics/Organized Crime Investigations Sub-Section
	Supervisory Special Agent Drug Intelligence and Analysis Unit
Immigration and Naturalization Service:	Assistant Commissioner Investigations
	Deputy Assistant Commissioner Investigations
	Senior Special Agent Project Manager Investigations Division
	Senior Special Agent Investigations Division
Justice Management Division:	Director, Security Staff
	Assistant Director Physical Security Group
United States Marshals Service:	Associate Director for Operations
	Chief, Enforcement Operation Division

DEPARTMENT OF TRANSPORTATION

United States Coast Guard:	Chief, Law Enforcement Programs Branch

DEPARTMENT OF THE TREASURY

Bureau of Alcohol, Tobacco and Firearms:	Special Agent in Charge Special Programs Branch Office of Law Enforcement
	Program Manager, OCDETF Office of Enforcement
Internal Revenue Service:	Director Office of Enforcement (Criminal Investigation)
	Assistant Director Office of Enforcement (Criminal Investigation)
	Branch Chief Enforcement Operations
	Senior Analyst Office of Enforcement
Office of the Assistant Secretary for Enforcement:	Senior Enforcement Adviser for Enforcement and Operations
United States Customs Service:	Director Smuggling Investigations Division
	Senior Special Agent, OCDETF Coordinator Smuggling Investigations Division